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THE BENGAL CHAMBER



REPORT MSME

DAY 2022

EXPLORING GLOBAL MARKET &
CREDIT LINKAGE FOR MSMEs



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10:30 am
27th June, 2022

Williamson Magor Hall
The Bengal Chamber

Physical and
Digital



INDUSTRY PARTNERS



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1. Background

The Manufacturing and MSME Committee of The Bengal Chamber has done a dipstick study amongst some MSMEs of West Bengal to understand the hurdles faced by the MSMEs especially post COVID. Following are some major findings based on which the MSME Day 2022 programme was designed.

1.1 Obstacles before MSMEs

It is often hard for MSMEs to expand their businesses and opportunities due to

- Limited connections leading to a limited means to promote themselves
- Limited resources to run and grow their businesses due to various reasons like labour and talent crunch
- Lack of affordable working capital and tools to improve operation
- Lack of information which is reliable, affordable and easily available at the time of need
- Going digital put forth an obstacle in the form of costly technology

2. Outcome

Following are the specific outcomes that are derived from the speeches of the experts who shared their thoughts and views in the programme:

- Digitisation of MSMEs to make them globally competitive and efficient. Setting up e-platforms that can offer quick solutions for lending and payment and create access to credit digitally
- Integration of MSMEs into the global value chain to strengthen regional innovation systems for generation of employment, boost income, improving productivity and stock broking
- Inculcation of segmental product cataloguing, real time cataloguing, automated orders and notification triggers to incentivise customer shift to digital platforms
- Provision of managerial backing and protection of MSMEs intellectual property rights
- Applying a cluster-based approach where clusters or groups of people who make products like wooden, steel furniture or handloom/*katha*, etc. are empowered. These people must be provided with the necessary training and tools as well as set up common facility centres wherever people come up and approach the government
- Increased transparency and cooperation with banks to help in the ease of doing business
- Setting up of schemes and facility centres like the IP facilitation centre in Kolkata which disseminates first hand information. These must be supplemented with the conduct of state and national-level vendor development programmes
- Setting up of engagement portals where webinars, skill-building sessions and information about various products are available
- Provision of benefits like one-stop-shop for reverse action on products or services, direct access to all government departments, strong vendor rating systems, single registration systems to simplify the process
- Provision of customised products, feasible and competitive interest rates along with acceptance of a wide range of collateral and securities
- Availability of post disbursement services

- Encouragement of dynamic pricing that changes according to market conditions
- Availability of New Product suggestion facility to sellers along with a function-based flexibility
- Shifting of purchase preference of customers to Micro and Small Enterprises
- Availability of low valued loans within 3-4 days with no processing fees along with offers of DOD (Debt Outstanding Disbursed) where the customer has to pay interest on the amount utilised and there is a periodical drop in the DOD amount
- Offering of fund based-facilities by banks, wherein there is availability of cash credit, term loans for funding, overdraft against property for MSMEs that are unable to give stock statements on a monthly basis
- Offering of non-fund based facilities like availability of bank guarantee for the MSME and access to the Letter of Credit (LoC) through initiatives like the Credit Guarantee Trust for Micro and Small Enterprises
- Fund of Funds (FoFs) systems should be started to support the start-up ecosystem. Funding the unfunded and missing middle segment through microfinance initiatives is important
- Institution building like LoansIn59Minutes, which allows credit to be very easily disbursed, needs to be carried out. These must be sustained through long term financial support
- Encouragement of enterprise promotion, skills, capacity and technological up-scaling and enhancing financial literacy

3. Inaugural Session

Speakers

- Inaugural and Theme Address by Mr Sanjay Behera, Chairperson – Manufacturing & MSME Committee, BCC&I, and Chief Sales Manager, Tata Steel Limited
- Address by the Chief Guest Sri Rajesh Pandey, Principal Secretary, MSME&T, Govt. Of West Bengal
- Special Address by Guest of Honour, Ms. Madhura Sekhsaria, Head – Partnerships TATA Business Hub on “Role of E-Platforms in Solving Growth Challenges for MSMMEs”
- Special Address by Guest of Honour, Sri Bhanuprakash Verma, General Manager, Small Industries Development Bank of India (SIDBI) on “Credit Linkages – A key to Enhance Business”
- Special Address by Guest of Honour, Mr Maneesh Sinha, Senior Vice President, HDFC Bank on “Easy Availability of Credit for MSMEs”
- Concluding Remarks by Sri Debabrata Mitra, IEDS, Director and Head of Office, MSME Development Institute, Kolkata, Government of India

3.1 Inaugural and Theme Address by Mr Sanjay Behera, Chairperson – Manufacturing & MSME Committee, BCC&I, and Chief Sales Manager Tata Steel Limited

Participating in Global Value Chain – Key for MSMEs to Flourish: Sanjay Behra

In the Inaugural and Theme Address, Mr. Sanjay Behra emphasized on how MSME day is celebrated internationally every year on 27 June to honour the role of MSMEs in achieving several sustainable development goals. He continued iterating on there being around 6.3 crore MSME units active in the country providing employment for nearly 11 crore people. He added that the sector accounts for 27% of the country's GDP and 45% of the country's exports. MSMEs were badly hit during the pandemic and the lockdown that subsequently followed. He suggested that 'thinking global, acting local' is the key for survival. Mr. Behera continued to emphasise how international policies like the "China Plus One¹" strategy were something an emerging economy like India could not ignore. He added that

India's weak MSME presence in the global value chain was primarily due to the country's weak innovation base and feeble integration into the global value chain. He advocated for strengthening regional innovation systems, and establishing a multipurpose science and technology

Problems that are needed to be addressed include the informal nature of the sector, transforming traditional bank lending systems and the lack of account aggregators which the RBI had especially shed light upon. MSMEs are capable of raising enormous value in the global value chains and there are companies across the world that seek MSMEs for the advantage they bring in which acts as the competitive edge of the MSMEs.

commission. This would help the country in many ways including generation of employment, boosting income, improving productivity and stock broking. He also mentioned how the government has especially mandated that banks achieve a 20% year-on-year growth in providing credit to micro and small enterprises. According to Mr. Behera, problems that are needed to be addressed include the informal nature of the sector, transforming traditional bank lending systems and the lack of account aggregators which the RBI had especially shed light upon. MSMEs are capable of raising enormous value in the global value chains and there are companies across the world that seek MSMEs for the advantage they bring in which acts as the competitive edge of the MSMEs. He emphasised that the need of the hour is to help MSMEs identifying their competitive strength within the value chain, to provide economies of scale, and provide support to help each become a part of the global value chain while protecting their intellectual property rights and providing them with the managerial backing.

3.2 Address by the Chief Guest Sri Rajesh Pandey, Principal Secretary, MSME&T, Govt. Of West Bengal

MSMEs in Bengal Receive Record Amount of Bank Credit: Rajesh Pandey

Sri Rajesh Pandey said that the MSMEs in Bengal have a significant stake in business and industry. He added, "We have close to 90 Lakh MSME enterprises, many of them single-person enterprises and MSMEs employ 1.35 crore people. Our MSME ecosystem in Bengal has revolved largely around the clusters. We have 50 odd clusters. This sector involves the handloom clusters, MSME clusters and Khadi which is an important part of the ecosystem in villages. This ecosystem forms part of the overall arrangement in Bengal."

¹"China Plus One" the business strategy to avoid investing only in China and diversify business into other countries.

Sri Pandey explained the impact of COVID and the challenges faced by MSMEs as a consequence. "Covid has had a great impact on the entire world and as a result MSMEs faced a lot of hardship. This was because there was hardly any mask, PPE and sanitizer manufacturing, in comparison to the kind of demand that arose. In Bengal, we ensured that these were all manufactured by MSMEs or Self-help Groups. A lot of these were opened once again after the lockdown was relaxed but during that time when the entire value chain and supply system were not functioning anymore, more than 25-30 Lakh jobs were generated in Bengal. Even when our partners like Manjusha and Biswa Bangla were not doing well because all the shops were closed, we ensured that the weavers and artisans could sell some of their stocks and make some income" said Sri Pandey.

Sri Pandey emphasized on how the MSMEs of Bengal leveraged the disruption created by COVID and said, "Today's discussion brings to note the cluster-based approach which we have taken up, where we empower clusters or groups of people who make products like wooden, steel furniture or handloom/ katha, etc. We provide these people with the necessary training and tools as well as set up common facility centres wherever people come up and approach the government. This enhances productivity, increases their marketability and develops their ecosystem through interventions. This has been possible because of the support provided by the banking sector. MSMEs of the

MSMEs of the State received bank credit of 1 Lakh Crore, right after COVID years, which was a milestone. We thank all our banking partners who have come forward which has led to a significant amount of credit within the economy. This will help MSMEs grow further. However, MSMEs based in districts find it difficult to have credit access. District based entrepreneurs find that there is some amount of information opaqueness in many of the banks. It takes a lot of time to understand why they are not creditworthy. Thus, to simplify and democratise the process the government is working with the banks to increase the ease of doing business.

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3.3 Special Address by Guest of Honour, Ms. Madhura Sekhsaria, Head – Partnerships TATA Business Hub on “Role of E-Platforms in Solving Growth Challenges for MSMMEs”

Digitization - Crucial for Serving Global Value Chain: Madhura Sekhsaria

While addressing on “Role of E-Platforms in Solving Growth Challenges for MSMMEs” Ms. Madhura Sekhsaria, the Head of Partnerships of TATA Business Hub said that India’s 65 million-strong MSMEs, are the bedrock of the country’s economy and critical to the engine of growth. Bengal has also had a significant contribution to the ecosystem. She said, “Even though these ‘emerging businesses’, termed as such by TATA Business Hub, have proven themselves to be resilient and strong, it is important to acknowledge that there are several major challenges that the sector faces. TATA Business Hub has been able to shed light upon some of these through direct communication with several MSMEs. It is often hard for MSMEs to expand their businesses and opportunities due to limited connections leading to a limited means to promote themselves. They also have limited resources

to run and grow their businesses due to various reasons like labour and talent crunch along with a lack of affordable working capital and tools to improve operation. Getting hold of information which is reliable, affordable and easily available at the time of need also adds on as a constraint.” Ms. Shekhsaria opined that going digital may put forth an obstacle in the form of costly technology which can be difficult to use and may have limited service or support available. This often creates the perception of high time involvement, effort and hassle for the MSME owners. But before continuing on how these challenges can be faced, Ms. Sekhsaria elucidated the benefits of technology. TATA Business Hub believes that the digitisation of MSMEs can help them become globally competitive and efficient. Research shows that 51% of digital SMEs were able to cater beyond their catchment area as opposed to only 29% of the offline SMEs. Digital SMEs not only employ 5 times more people than offline SMEs but also donate more to the country’s GDP. In India particularly, even with only 8% digital penetration in the sector, contribution to GDP is nearly 30% in comparison to other economies like Brazil with digital penetration of 35% and a GDP contribution of 50% and Canada with digital penetration of 72% and a GDP contribution of 54-55%. Evidently, by harnessing data and technology MSMEs can expand their role in global supply chains while becoming globally competitive. E-platforms can offer solutions for lending and payment among others, in partnership with financial players in the market. The right set of tools and enablers can help businesses in skill development, training, getting expert advice and getting information on best practices and industry trends. Access to software and service providers that can help automate processes and remove inefficiencies. E-platforms can help MSMEs do so by solving their challenges and optimising required processes to grow their businesses nationally and internationally through setting up a trusted digital presence and connecting them to customers that were earlier beyond their reach. Building a strong digital identity, through the right channels can help MSMEs broaden their reach and thus expand their business. For solving the aforementioned challenges, technology can enable easier and quicker access to credit digitally in

Digitisation of MSMEs can help them become globally competitive and efficient. Research shows that 51% of digital SMEs were able to cater beyond their catchment area as opposed to only 29% of the offline SMEs. Digital SMEs not only employ 5 times more people than offline SMEs but also donate more to the country’s GDP. In India particularly, even with only 8% digital penetration in the sector, contribution to GDP is nearly 30% in comparison to other economies like Brazil with digital penetration of 35% and a GDP contribution of 50% and Canada with digital penetration of 72% and a GDP contribution of 54-55%. Evidently, by harnessing data and technology MSMEs can expand their role in global supply chains while becoming globally competitive. E-platforms can offer solutions for lending and payment among others, in partnership with financial players in the market. The right set of tools and enablers can help businesses in skill development, training, getting expert advice and getting information on best practices and industry trends.

comparison to offline credit. A very large proportion of MSMEs often get rejected when they apply for working capital credit, and even when they are eligible, the process for the same can be extremely cumbersome. This is where technology can be a messiah as it can have a great impact on savings in cost. Ms. Sekhsaria emphasised that e-platforms themselves have a major role to play in the form of cultivation of trust in the platform for the safe and confident transactions, creation of simple and efficient workflows for easier adoption of digital platforms, availability of the right level of support on an ongoing basis and offering of solutions that work and help in the transformation of MSMEs from emerging businesses to established businesses. She concluded that this is the essential vision of TATA Business Hub.

3.4 Special Address by Guest of Honour, Sri Bhanuprakash Verma, General Manager, Small Industries Development Bank of India (SIDBI) on “Credit Linkages – A key to Enhance Business”

SIDBI Scheme Provides Collateral Free Loans to Start-ups: Bhanuprakash Verma

Shri Bhanu Prakash Verma explained the importance of celebrating MSME Day. He said that United Nations General Assembly designated 27 June as world MSME day to raise awareness of the tremendous contribution of MSMEs to the achieve the United Nations Sustainable Development Goals. He continued by stating that MSMEs constituted nearly 90% of businesses, 60-70% of employment and 50% of the GDP of global leaders. Reiterating, he said that MSMEs are the backbone of the society, contributing to local and national economies, sustaining livelihoods of the working poor, women and groups in the vulnerable section of the society. In the Indian context, MSMEs have emerged as a

Over the years SIDBI has contributed to the development of MSMEs ecosystem in the country by introducing various schemes like Mudra-which provides micro-loans, Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)-to overcome difficulties faced by first-time entrepreneurs or new MSMEs with no collateral. SIDBI also introduced equity and quasi-equity funding for MSMEs to help them overcome equity constraints which come in with the expansion of business or fresh funding of loans. Various other schemes were accordingly launched to help MSMEs overcome the impact of COVID and tide over the problems that subsequently came into the picture. SIDBI also identified problems of proposal rejection for funds by various MSMEs for which the PSP59 banking portal was launched through which MSMEs could approach any bank of their choice for digital sanctions.

highly vibrant and dynamic sector of the Indian economy contributing immensely to the country’s social and economic development by fostering entrepreneurship and generating large employment opportunities for the urban and rural people. MSMEs have been continuously growing, providing a wide range of products to both the domestic and global market, constituting 40-50% of the country’s exports and 30% of GDP while employing nearly 11 crore people. This makes it even more essential that ample support be provided to these medium and small enterprises. He continued by adding that the pandemic and several other recent disruptions had adversely effected the sector and that MSMEs were hit the hardest due to these multiple shocks even while playing a critical role in building a stronger economy. An improved business environment and access to finance, market and technology in these fragile times are some of the sector’s fundamental requirements that need to be addressed. Shri Verma then went on to emphasise that SIDBI was established as a principal financial institution for MSMEs to not only finance them but also play a role in their development and policy advocacy. Over the years SIDBI has contributed to the development of MSMEs ecosystem in the country by introducing various schemes like Mudra- which provides micro-loans, Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)- to overcome difficulties faced by first-time entrepreneurs or new MSMEs with no collateral, among others. SIDBI also introduced equity and quasi-equity funding for MSMEs to help them overcome equity constraints which come in with the expansion of business or

fresh funding of loans. Various other schemes were accordingly launched to help MSMEs overcome the impact of COVID and tide over the problems that subsequently came into the picture. SIDBI also identified problems of proposal rejection for funds by various MSMEs for which the PSP59 banking portal was launched through which MSMEs could approach any bank of their choice for digital sanctions. He concluded by saying that suggestions, including changes in existing schemes and products, were always welcome to help them in turn help MSMEs.

3.5 Special Address by Guest of Honour, Mr Maneesh Sinha, Senior Vice President, HDFC Bank on "Easy Availability of Credit for MSMEs"

Digitization of Business Enhances Credit Merit: Maneesh Sinha

Addressing the issues of availability of credits for MSMEs, Mr. Maneesh Sinha mentioned the massive commercial loan potential of MSMEs, currently valued at 50 Lakh Crores in the country and out of that 20 Lakh Crores for the banking sector itself. He explained that HDFC Bank steps forth and wants to interact with MSMEs. He said, "Our total loans portfolio is about 3 Lakh Crores. We have registered the most handsome growth in the last two years. COVID aside; we have excelled and come forward for the MSMEs in need. This is the

Most of the business entities HDFC Bank is associated with are now digitally active and this is how business share and employee volume can be grown for everyone. HDFC Bank customers are digitally active, use E-Net, etc. The Bank has grown significantly in MSME credit sector. The Bank's consistency across portfolios is remarkable. People are looking at the quick disposition of transparent applications; all of their questions are transparently answered. MSMEs get concessions but HDFC Bank also gives them a host of its own benefits to its customers. During COVID our business affiliations went up because customers didn't need to come to the bank, they could do it online.

testimony of our strength in this segment and we have set up a CRP department (Commercial and Rural Development) which oversees MSMEs, transport, agriculture etc. In Bengal itself, we have 257 branches and are giving loans to all of them through our strong workforce. Every branch has people who can attend to MSME loan applications. In West Bengal, we have crossed 1 Lakh Crore of MSME Loan disbursement and crossed our annual plan. Against a plan of 2500 Crores, we did more than twice of what we were assigned to do. Thus, MSME loans are what all banks are vying for. Despite me being just from HDFC, I want to commend the work done by all banks as the representative of commercial banking. It is great that we have reached this level of disbursement. Across segments, because MSME defines and encompasses people from lower turnover to 100 crores, we are also ensuring that we take care of all MSMEs across the spectrums. We have an EEG Emerging Enterprising Department, ECG Emerging Corporate Groups, Corporate banking and business banking. The origin of our loans starts when the customer approaches us."

Explaining the digital aspect of the work done, he said, "Most of the business entities we are associated with are now digitally active and this is how business share and employee volume can be grown for everyone. This is what's happening. Our customers are digitally active, use E-Net, etc. We have grown significantly in this sector. Our consistency across portfolios is remarkable. People are looking at the quick disposition of transparent applications; all of their questions are transparently answered. MSMEs get concessions but HDFC Bank also gives them a host of their own benefits to its customers. During COVID our business affiliations went up because customers didn't need to come to the bank, they could do it online. There would not be any check bounces or drops in your limits, renewals were being done quickly and efficiently. Everything was being processed strongly and digitally by HDFC bank in this sector. We have a lot to look forward to."

3.6 Concluding Remarks by Sri Debabrata Mitra, IEDS, Director and Head of Office, MSME Development Institute, Kolkata, Government of India

Udyam Registration- Essential for Leveraging Government Schemes: Debabrata Mitra

While delivering the Concluding Remarks of the Inaugural Session, Sri Debabrata Mitra, IEDS, Director and Head of Office, MSME Development Institute, Kolkata, Government of India said, "Today we are here to celebrate MSME day with an emphasis on credit linkages and e-marketing. This is a boon in disguise because Covid-19 has made the need for digital business platforms to survive and grow. We have passed through many acute financial issues and are dependent heavily on the banks and NBFCs for the various government schemes announced by the State and Centre."

Sri Mitra highlighted on the various initiatives for facilitating MSME businesses. He said that West Bengal stands second in number of MSMEs and has a share of 11.6% of MSMEs in the country but only 3 Lakh units are registered in Udyam Registration Portal. He added unless the MSMEs register

West Bengal stands second in number of MSMEs and has a share of 11.6% of MSMEs in the country but only 3 Lakh units are registered in Udyam Registration Portal. Registration in Udyam portal is a must for MSMEs for leveraging the schemes floated by the government. Unless MSMEs register themselves in the portal they would not be in a position to accessing the schemes and enhancing their businesses.

themselves in the portal they would not be in a position to leverage the Government floated schemes. Sri Mitra also spoke about the delayed payment issue which is a real pain for the MSMEs. He explained how MSME Samadhaan portal is active to address delayed payment related grievances. He mentioned that about Rs 80 Crores dues of MSMEs have been cleared through this initiative. He also explained the MSME Champion Scheme. This scheme has already been announced and the registration process has been started as well. He mentioned about schemes for design, incubation, digital MSME. He added, "Also an IP facilitation centre has been set up in Kolkata which disseminates firsthand information. Another scheme is the MSME competitive which is coming up soon. This year we also started an export facilitation cell to give export-oriented services. Talking about the public procurement policy, 25% procurement from the MSMEs has been made mandatory. This is a very good marketing effort for these MSMEs but we are also requesting the state government to get their own industrial policy where public procurement policy must be included. So the ministry is monitoring that. Also, we have an 'MSME Sambandh' portal which can be transparently checked to see whether public procurement policy is being maintained or not. Around 7.5 Lakh MSMEs are now onboarded in the GeM portal. We have an MoU signed with GeM authorities to mobilise the maximum number of MSMEs. As we have been talking about the clusters, we have two parts: City centres and infrastructural development. Happy to announce that alongside the state government we have set up 7 such CFCs and 3 more are on the way. We have also taken up two new projects in the setting up of these CFCs. 4 infrastructural development projects are under the completion stage and 5 already completed under this scheme. We are trying to set up as many CFCs as possible. We have 18 centres and 7 are upcoming."

Mr Mitra spoke about the Global Environment Fund and UNIDO who have taken up an initiative on promoting market transformation for energy efficiency in MSMEs. Key executing partners are EESL, SIDBI and the Bureau of Energy Efficiency. "We have a target of 86000 tonnes of carbon dioxide emission reductions per year. Also, we have started with the Ministry of Forest and Climate Change and we are working towards prohibiting the use of single-use plastics from July 2022. Under National Hydrogen Omission, a task force is already in place exploring the possibility of the utilisation of hydrogen as fuel. We are also creating an environment for new entrepreneurs through our training

and capacity-building schemes called ESDP. We have chalked out 42 programmes all over the state in various districts. NSIC and KBIC also have their own schemes for hand-holding and providing various assistance. Under our procurement and marketing schemes, we provide reimbursement to the MSMEs who participate in various approved domestic spheres. We organise various events and seminars under this scheme. We conduct state and national-level vendor development programmes under this scheme. This is a very important scheme for all of us. This year we are also having these MSME schemes. We have already conducted our national awards and three of these awards have been bagged by the state of West Bengal. On the 30th of this month our honourable PM will hand over these awards to the winners.”

4. Technical Session I - Exploring Global Market by Leveraging E-Platforms

Speakers

- Mr. P. K. Wilson Purty, the Chief of Marketing of Flat Products at TATA Steel on TATA Steel offering DigEca for MSMEs
- Mr. Biswajit Sarkar, State in Charge & Master Trainer, GeM Portal – A Handholding Session on GeM Portal

4.1. Mr. P. K. Wilson Purty, the Chief of Marketing of Flat Products at TATA Steel delivered the “Keynote Speech & Presentation on TATA Steel offering DigEca for MSMEs”

Digital Platforms Make Supply Chains Resilient: P. K. Wilson Purty

TATA Steel has been involved in the MSME sector for the past 15 years, serving 10,000 MSMEs across the country. While delivering his speech, Mr. P K Wilson Purty said that the pandemic made them realise that there were still miles to go with supply chains breaking down, demand for value-added steel not being met and the steel industry facing several challenges in coping up with these problems. This makes it imperative that suppliers, channel providers and MSME customers are connected well to address these issues and contribute to the growth stories of these emerging businesses in the global markets. Supply chains evidently need to be more efficient and resilient and one such solution can be through embracing digital solutions.

Supply chains evidently need to be more efficient and resilient and one such solution can be through embracing digital solutions

Mr. Purty elaborated on their digital platform, DigEca, saying that it is where MSMEs and distributors along with TATA Steel can connect. Current customers on DigEca enjoy various features like

- Segmental product cataloguing which helps to make an improved decision on the best product
- Real-time product cataloguing wherein catalogues get updated as new requirements flow in
- Automated orders and notification triggers across different platforms
- Platform agreed terms with the channel for more transparency amongst involved parties
- Logging of complaints directly to the company followed by resolution

Future customers who plan to indulge in the platform can be benefited of the following aspects of DigEca:

- Enquiry management platform where efficiency of channel partners can be judged
- Omni-channel for direct generation of orders by customers on the company of preference
- Third-party service providers for MSMEs
- Access to capability-building agencies
- Infoware management
- Hyper personalisation through customising offerings according to the needs of the MSMEs
- Processing centre integration
- Integration with Fintechs
- Onboarding fleet aggregators
- Skill-building expert sessions
- Integrated Payment Gateway

Apart from DigEca, Mr. Purty also spoke about TATA Steel's engagement portal, Ecafez where webinars, skill-building sessions and information about various products are available and their conclave, EcaConnect, through which they physically engage with their customers. He also elaborated on their working capital financing solution, Urja, taking into account the distributors and the MSMEs. Urja has several banks and NBFCs sanctioning roughly 1 crore for MSME customers.

To conclude, he noted the discomfort caused to their customers by the sudden rise in steel prices and the limited period special pricing scheme they launched in response wherein a rebate is offered over and above what the customers buy. The same is available on DigEca's marketing panel.

4.2 Mr. Biswajit Sarkar, State in Charge & Master Trainer, GeM Portal – A Handholding Session on GeM Portal

GeM Portal – Biggest Public Procurement Platform: Biswajit Sarkar

Mr. Biswajit Sarkar, State in Charge & Master Trainer, GeM Portal, West Bengal talked about GeM's schemes for MSMEs. He walked the audience through the benefits provided by GeM. The complete public procurement system is being digitised. Its biggest benefits are: it is a cashless, contactless and paperless platform. GFR was amended to accommodate GeM. The number of MSME sellers who are registered under this platform is also massive. The benefit is being accrued to all MSME sellers from West Bengal only.

The facilities and categories procured by this platform are

- Computers
- Passenger motor vehicles/ specialised and recreational vehicles
- Medical equipment
- Fire and fitting equipment
- Personal communication devices, etc

Thus, there is ample scope and incentives for MSME sellers to get registered and accrue these categories. The benefits they are offered are as follows:

- One-stop-shop for reverse action on products or services
- Direct access to all government departments
- With one registration only you can sell your products or services
- Dynamic pricing those changes according to market conditions: For startups, wherein you are launching an innovative product that you want to sell to a government organisation only, this is facilitated.
- The strong vendor rating system
- New Product Suggestion facility available to sellers
- News and event Section for regular updates
- New on GeM- shows the list of new product categories added
- Function-based flexibility offered for seller users
- Public procurement policy for MSEs is inclusive of SC/ST and women sellers
- Tender sets free of cost for MSE sellers
- Exemption from Earnest Money for MSE sellers
- 358 items exclusively reserved for MSEs

Recommendations and clauses provided in the ATC library in the GeM Bidding Module for effective implementation of all provisions of PPP MSEs order for central government:

- Purchase preference to MSE
- Procurement under this bid is reserved only for Micro and Small enterprises
- Purchase preference to Micro and Small enterprises from the State of Bid inviting authority

5. Technical Session II: Credit Linkages for MSMEs

Speakers

- Mr. Yatish Agarwal, the Zonal Sales Manager of Business Loan, HDFC Bank
- Mr. Mohammed Ali, the Regional Sales Manager of Emerging Enterprise Group, HDFC Bank
- Mr. Chiranjit Mandal, Assistant General Manager, Small Industries Development Bank of India (SIDBI)
- Ms. Sreela Das, Senior Manager in Marketing, MSME Dept. Canara Bank

5.1 Mr. Yatish Agarwal, the Zonal Sales Manager of Business Loan, HDFC Bank

Detailing on the Business Loan available, Mr. Yatish elaborated that Unsecured Business Funds refer to the unsecured funds availed by business owners for their varied needs. It is a short-term loan with a time period of 1- 5 years available in the form of a Term Loan (for a loan of more than 25 Lakhs) and Dropline Overdraft (DOD- for a loan of fewer than 25 Lakhs).

On availing of this loan, the benefits available to the customers are as follows:

- No foreclosure charges after six months in certain categories
- No processing fee for MSMEs opting for 5 Lakh rupees of loan
- The loan can be made available in 3-4 working days
- Offering DOD where the customer has to pay interest on the amount utilised and there is a periodical drop in the DOD amount
- The loan from 30k to 75.00 Lakhs with flexible tenor up to 48M

5.2. Mr. Mohammed Ali, the Regional Sales Manager of Emerging Enterprise Group, HDFC Bank

Mr. Mohammed Ali explained the advantages of working capital solutions offered by Emerging Enterprises Group:

- Provision of a dedicated relationship manager ensuring the best services can be availed by the customers
- Simplified documentation and quick processing procedures regarding approval or rejection of sanctions
- Provision of customised products based on the needs of the customers
- Availability of feasible and competitive interest rates
- Easy transfer of facilities like loans from other banks
- Acceptance of a wide range of securities and collateral
- Availability of digital application and post disbursement services

Benefits of other products offered by the bank include:

- a) Fund-based facilities:
 - Availability of cash credit
 - Availability of term loans for funding
 - Overdraft against property for MSMEs that are unable to give stock statements on a monthly basis
 - Availability of merchant overdraft along with dropline overdraft
 - Bill discounting for transactions
 - Export packing credit for MSMEs that deal in exports
- b) Non- fund-based facilities:
 - Availability of bank guarantee
 - Access to the letter of credit
- c) Credit Guarantee Trust for Micro and Small Enterprise (CGTMSE): Funding of upto 2 crores if the MSMEs don't have property/collateral to offer to the bank

Mr. Ali further spoke about HDFC introducing a digital banking platform, SME Digital, to ensure safe and easy transfer and submission of documents and sanctions. Other than this, he also elaborated on their "DukandarDhamaka" product wherein instant disbursement is available without the requirement of any documents, if the customer is eligible.

5.3Mr. Chiranjit Mandal, Assistant General Manager, Small Industries Development Bank of India (SIDBI)

Mr. Chiranjit Mandal, Assistant General Manager, Small Industries Development Bank of India (SIDBI) addressed the gathering on SIDBI's Schemes for MSMEs.

Endeavours that are undertaken by SIDBI:

- Direct financing to MSMEs
- Indirect financing to other institutions like other banks, NDFCs, etc
- Fund of funds to support the start-up ecosystem
- Promotional and developmental activities to support entrepreneurs
- ARISE- Assistance to Re-energise capital investments by MSMEs
- STHAPAN
- SPEED, SPEEDPLUS
- STAR
- PRATHAM

Recommendations/ benefits

- Funding the unfunded and missing middle segment through microfinance initiatives
- Institution building like LoansIn59Minutes, etc
- Digital initiatives to democratise access to finance
- Fund of funds to support the start-up ecosystem
- Transforming institutions through long-term support
- Enterprise promotion- skills, capacity and technological upscaling and enhancing financial literacy
- Implementation of GoI schemes to promote the MSME sector
- Financial Assistance to set up rooftop plants (Solar PV Plants)

5.4 Ms. Sreela Das, Senior Manager in Marketing, MSME Dept. Canara Bank

Ms. Sreela Das, Senior Manager in Marketing, MSME Department, addressed her speech on "Exploring Digital Markets and Credit Linkages for MSMEs" focusing mainly on its potential for growth along with the required products. Canara Bank, being the third-largest national bank, currently holds 3-4 units in Kolkata and Howrah which deal with MSMEs.

Canara Bank offers a set of lucrative and specialised schemes beneficial for all, which are as follows:

- Pradhan Mantri Mudra Yojana: The scheme is eligible for all micro and small enterprises, especially in the manufacturing and service sector. With loans amounting up to Rs. 10 lakhs, its main purpose is focused on financing micro and small MSME units. The tenure of this scheme is 7-10 years including a moratorium, with working capital of over 1 year. Different types of loans are categorised into Shishu(loans up to Rs. 50,000), Kishore (loans from Rs. 50001 to Rs. 50,00001) and Tarun(loans from Rs. 50,00001 to 1,000000). The margin rate is up to 25000 Nil > 25000 along with a book debt of 30%. The collateral security is covered under the CGFMU cover with ROI starting from 8.70%.
- Stand Up India: This scheme supports an upcoming enterprise, referred to as the Green Field Project, which is applicable in the manufacturing, trading and service sectors. This scheme has been regarded as ideal for women and the other backward classes, providing them with abundant benefits when it comes to entrepreneurship. The quantum starts from Rs. 10 lakh to Rs. 100 lakh, but is related only to composite loans i.e term loan and working capital. The repayment dealing with term loan lasts from 7 to 10 years including moratorium and working capital with 1-year tenability. The margin rate for both TL and WC is over 25%. The security schemes must be followed in terms of bank guidelines. CGTMSE/CGSSI coverage is also present if eligible with an ROI starting from 8.70%.
- Canara GST: This is applicable for every private enterprise having a proprietorship/partnership filing under GST. One of the most lucrative schemes, the loan amounts from Rs. 10lakh to Rs. 5 crores, with a limit of a maximum of 25% of the annual turnover as the GST Return with Nil Margin. The collateral security is a minimum of 75% for low and normal risk and 100% for high-risk levels. The ROI in this scheme starts from 7.55%.
- Canara Contractor: The Canara Contractor scheme is mainly required to provide working capital (FB+NFB) and term loan facility to contractors/subcontractors. The loan amount starts from Rs. 10lakh to Rs. 10 Crores. The limit is 9 times of the networth/cash flow projected and the collateral security is a minimum of 125% security in terms of property. The ROI is based on a scoring matrix of over 0.75%.
- MSME Cap: One of the best products of Canara MSME, it is eligible for all MSMEs in terms of service and manufacturing. The loan amount for manufacturing starts from Rs. 10 lakh to Rs. 20 Cr., and for service, it begins at Rs. 10lakh to Rs. 10Cr. The margin rate for TL and WC is 20%, with an NFB rate over 25%. It is applicable for 7-10years including a moratorium with a WC of 1-year tenability. The security schemes can be distinguished, starting from Urban/Metro with 100% for manufacturing and 125% for service. Semi-Urban starts with 125% for manufacturing and 150% for service, rural beginning from 150% in both service and manufacturing and lastly, app. fin. sec. with 100% for both service and manufacturing. The ROI is over 7.80% and the concession is over 50%.
- Canara Udyog: This scheme is eligible for all manufacturing and ancillary business units. The quantum starts from Rs. 10lakh to Rs. 10Cr. where repayment for TL is 7-10years including a moratorium and WC with a 1-year tenability. The margin rate for TL/NFB is over 25% and WC

is over 20%. In terms of security, 125% of the limit apart from assets is created out of bank finance. No CGTMSE coverage is available. The ROI rates depend on the competition.

- Canara Vyapar: This scheme focuses mainly on the retail sector, wholesale trade, and commission agents. The quantum begins from Rs. 10 lakh to Rs. 10Cr, FB and NFB are all put together. The margin in terms of WC upto Rs. 1Cr is 10%, above 10% is 20%. TL leads with 25%, construction is 30% and NFB with over 25%. The repayment for WC is one-year tenability and TL is 7 to 10 years including a moratorium. The security scheme is 133% of the limit apart from assets created out of bank finance. The CGTMSE cover is unavailable and the ROI is competitive.

Other schemes also play an important role when it comes to MSMEs.

- Canara MSME Expo: It is eligible for exporters having minimum Rs. 1Cr and 3 years track record with Canara Bank. The margin is over 15-25% with a quantum of over 10-50 lakhs having a 3years tenure.
- MSE Vijeta: This is applicable mostly for Small and Micro female entrepreneurs having a margin of 20% and a quantum of 10-200 lakhs. The tenure is 7 years with collateral over 60%.
- Canara Caravan: It is eligible for existing transport operators having 3 years of experience. The margin is based on the scoring model with a quantum starting from Rs. 25-500 lakhs. The tenure is 5 years and the collateral is 100%. The ROI is 0.5%-1% compensation.
- MSME Vahan: This scheme is eligible for business asset creation having a margin of over 10% on-road cost. The tenure is 7 years with collateral of 100%.