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2023



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2023 **WORLD
MSME DAY**

Vendor Empowerment &
Capacity Building



RECOMMENDATION REPORT

INTRODUCTION

In recent years, Micro, Small, and Medium Enterprises (MSMEs) have emerged as a vital pillar of economic development, fostering innovation, generating employment opportunities, and driving inclusive growth. Recognizing the significance of this sector, The Bengal Chamber observes the World MSME Day which is 27th June. This year BCC&I created a dynamic platform that brought together industry experts, policymakers, and MSME stakeholders to deliberate on strategies for empowering and accelerating the growth of MSMEs. BCC&I World MSME Day Conclave was held on 27th June, 2023 at The Park Hotel in Kolkata.

The objective of this paper is to distill the key insights and recommendations that emerged from the discussions at Conclave. By analyzing the diverse perspectives and experiences shared during the event, this paper aims to provide a comprehensive understanding of the challenges faced by MSMEs and propose effective measures to foster their success and growth.





**RECOMMENDATION
FROM BCC&I
WORLD MSME DAY
CONCLAVE 2023**

A. Actions to be taken by the Central and State Governments

Government Support for Application of AI in MSMEs

- Government support for MSMEs for adoption and use of AI technologies. The aim is to create an environment that encourages application of AI in smaller businesses, leading to their growth and increased competitiveness.

Promoting 'Make in India' Brand

- The government needs to develop a compelling narrative around the "Make in India" brand, highlighting its key values, objectives, and impact on MSMEs. This narrative should emphasize the quality, innovation, and competitiveness of products manufactured by MSMEs in India. It should also showcase success stories of MSMEs that have excelled in their respective sectors.

Reduction in Logistics Cost

- Logistics cost in India is 16% of the GDP whereas it is 12% in China and 8% in European countries. So, this needs to be reduced for competing in the global market. This can be done by simplifying trade procedures, infrastructure development, digitalization and promoting logistics clusters.

Anti-dumping Measures

- MSMEs often struggle to compete with cheap imports that benefit from lower production costs, economies of scale, and access to advanced technologies. To address this, the government can explore ways to level the playing field, such as implementing safeguards and anti-dumping measures, imposing quality standards on imports, and ensuring strict compliance with rules of origin criteria under FTAs.

Focus on Certain Schemes

- Government should further promote following schemes for MSMEs which will help boost them – Priority Sector Lending, Credit Guarantee Fund Scheme, Purchase Preference Policy by PSUs and Large Industries, Price Preference Policy and Benefits in Tendering.

Ensuring Ease of Doing Business

- State Government should persistently focus on improving the ease of doing business by leveraging digitalization and online services. Furthermore, the process of decriminalizing industrial areas should be an ongoing endeavor.

Utilization of CSR Fund for Supporting MSMEs

- A legislation on similar lines to companies devoting 2% of their net profit for CSR can be introduced for Large Corporates to help upgrade MSMEs. The upgradation can be in the area of digital technology or in the area of quality improvement with national benchmarks in terms of ISO and which can be then be rewarded either through incentives or tax benefits both for the MSMEs as well as the mentor companies which are handholding them.

Legislation for Leveraging CSR Funds for MSMEs

- An analogous legislation could be introduced for large corporations, similar to the requirement for companies to allocate 2% of their net profit for Corporate Social Responsibility (CSR). This legislation would focus on assisting MSMEs in upgrading their operations, either through digital technology adoption or quality improvement initiatives aligned with national benchmarks such as ISO standards. Incentives or tax benefits could be provided to both the MSMEs and the mentor companies that support them, encouraging collaboration and knowledge sharing between the two entities.

Need for Setting up a Defence Corridor in Eastern India

- The Central government should consider a defence corridor in the eastern region. The corridor would serve as a dedicated zone where defence-related industries, research institutions, and educational facilities can collaborate and thrive.

Tie-ups with TReDS Platform

- More State Governments should onboard themselves on the TReDS platform. There is a need for more state governments in India to join and utilize the TReDS (Trade Receivables Discounting System) platform. This platform facilitates the financing of MSME invoices and improves their access to working capital. By onboarding themselves on the TReDS platform, state governments can streamline their payment processes and support MSMEs in receiving timely payments for their goods and services.

B. Actions to be taken by MSMEs

Digitalization of Process

- MSMEs need to adopt digitalization to become competitive not only at a national level but internationally as well. Digitalization helps MSMEs by enhancing efficiency, improving productivity, expanding market reach through e-commerce, collaboration and networking and making them more agile and adaptable.

Leveraging TReDS Platforms

- MSMEs are encouraged to join the TReDS platforms as it provides special advantages to them. This includes the absence of recourse to suppliers and placing the responsibility of payment solely on the buyer.

Leveraging Upcoming MRO Opportunities

- MSMEs and other private entities should prepare themselves to seize the upcoming MRO (Maintenance, Repair, and Overhaul) opportunities arising from the proposed acquisition of approximately 1000 aircraft by Indian aviation companies.

Opting for ZED Certification

- MSMEs should obtain the Zero Defect Zero Effect (ZED) certification issued by the Government of India. This certification can significantly enhance their competitiveness and quality control measures. The ZED certification program focuses on ensuring products and processes are of the highest quality standards while minimizing their environmental impact. By obtaining this certification, MSMEs demonstrate their commitment to delivering defect-free products and services while operating in an environmentally responsible manner.

C. Actions to be taken by RBI / Banks

Onboarding of Banks for Bhabishyat Credit Card Scheme

- More banks need to onboard themselves on the Bhabishyat Credit Card Scheme. This scheme offers collateral-free credit to eligible MSMEs, enabling them to meet their working capital requirements and address various business needs.

Faster and Simpler Due Diligence for Bank Credits

- Stringent due diligence by banks can indeed pose challenges for MSMEs in accessing financial resources. While due diligence is essential to mitigate risks and ensure responsible lending practices, excessive or inefficient due diligence procedures can hinder the financial stream of MSMEs. Lengthy approval processes can delay the disbursement of funds to MSMEs, affecting their operations and growth. Banks can streamline and expedite their internal processes without compromising the necessary due diligence. This can involve leveraging technology, automation, and digital platforms to simplify and accelerate the loan application and approval procedures.

D. Actions to be taken by Large Industries/Corporates

Handholding of MSMEs by Large Corporates

- Similar to practices followed by Braithwaite & Co. Ltd., larger organizations that have developed robust management practices, operational efficiencies, and industry insights through their experience and resources should share these best practices with MSMEs and help provide them with valuable guidance and knowledge that can help them improve their operations, enhance productivity, and achieve sustainable growth. Large corporations should provide guidance and support to MSMEs in the areas of safety and sustainability.

E. Actions to be taken by The Bengal Chamber of Commerce and Industry

Help prepare a draft legislation for large Industries handholding MSMEs.

Arrange webinars with DRDO specifically for defense MSMEs.



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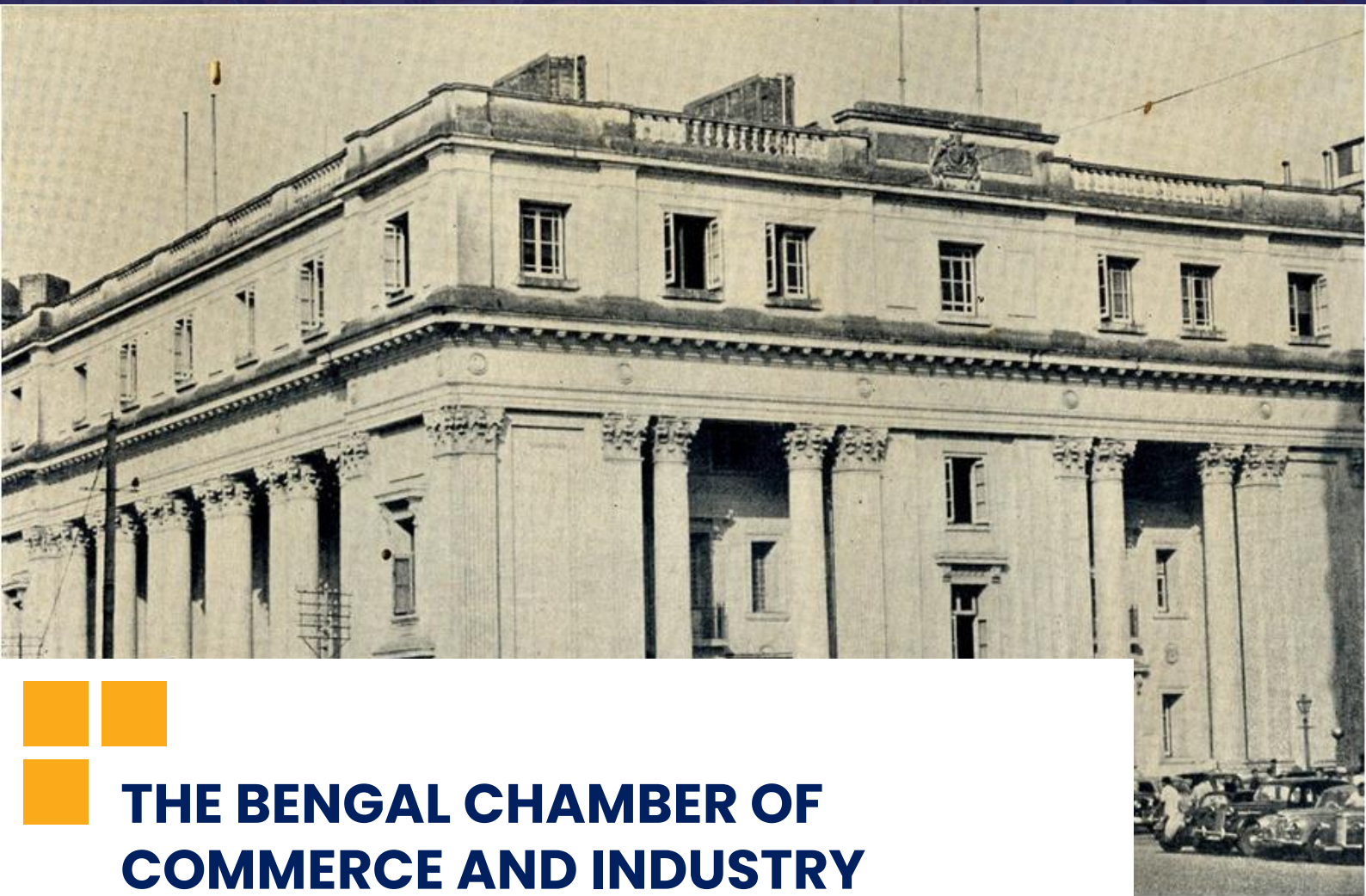
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