



## India- MVIRDC study proposes nine steps to bolster MSME sector

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(MENAFN - KNN India) MVIRDC study proposes nine steps to bolster MSME sector

**New Delhi, Nov 19 (KNN)** Micro, Small and Medium Enterprises (MSMEs) faced problems pre- and during the pandemic with respect to decrease in demand, supply chain disruptions, raw material shortage and labour shortage.

To deal with these problems, MVIRDC World Trade Centre Mumbai conducted a study titled 'Impact of COVID-19 on Indian MSMEs: Bringing Them Back on Track' which has prescribed a nine-point agenda to revive India's MSME sector from the adverse impact of the spread of coronavirus.

The release of the study was at a time when the Reserve Bank of India (RBI) and Government of India announced relief and economic measures which were part of the Atma Nirbhar package to combat disruptions in processes of businesses across sectors.

The study provided the necessary feedback and suggestions for further policy announcements needed by businesses not just to survive but also revive.

As per the study, the foremost step, government intervention is of prime importance. In order to revitalize the economy there is need to create demand and give exports thrust by introducing long-term measures. The Atmanirbhar package has been effective in as much as, it has addressed supply-side and infused liquidity into the economy. Some of the measures include reduction of GST across all sectors, implementation of incentive-based scrappage policy in the case of automobile industry, focus on road and housing construction, promotion of exports to make it price competitive by extending government subsidy, etc.

'It is suggested that the annual turnover limit eligible under the Emergency Credit Line Guarantee Scheme (ECLGS) should be increased from Rs. 100 to Rs. 250 crore in the FY 2019-20 in view of the revised turnover limit for MSMEs. The rate of interest subvention must be increased from existing 2 per cent for all GST registered MSMEs on fresh or incremental loans,' said MVIRDC quoting study.

Therefore, the 3-lakh crore funding to MSMEs needed to be increased in accordance with the current market situation for revival.

Highlighting the importance of testing laboratories in these pandemic times, Rupa Naik, Senior Director, MVIRDC World Trade Centre Mumbai said, 'Government should provide a number of laboratories and testing facilities to monitor product quality and standards, to reduce dependence on facilities owned by foreign companies.

Proposing measures to mitigate adverse impact of COVID-19 on businesses, Naik said, 'An Open House meeting should be organised with the Ministry of MSMEs to educate MSMEs on the impact of COVID-19 and ways for businesses to survive and revive.

The findings in the study were based on a survey which was conducted on participants representing industry associations, MSMEs, entrepreneurs, chambers of commerce and industry, export promotion councils, academicians and industry experts across various backgrounds and diverse sectors such as manufacturing, wholesale and retails traders, agro processing and software.

'The Study proposes nine policy recommendations to address challenges of MSMEs during and post-COVID-19 in order to bring them back on track,' MVIRDC added.

Measures cited for policy recommendations include mechanism for redressal, importance of non-traditional ways of doing business, focus on import substitution, enhancing global competitiveness, build infrastructure, introduction of incentive-based schemes, labour law reforms and other reforms, extension of technological upgradation fund to other sectors and need for R & D fund, review of free trade agreements, trade receivable discounting system to meet trade financial requirements, boost e-commerce platforms, set up high-level committee, ease of doing business, move up the value chain, set up of trade centres at rural level, etc.



You are here: [Home](#) > [MSME](#)

19/11/2020 11:41am

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The findings in the study were based on a survey which was conducted on participants representing industry associations, MSMEs, entrepreneurs, chambers of commerce and industry, export promotion councils, academicians and industry experts across various backgrounds and diverse sectors such as manufacturing, wholesale and retail traders, agro processing and software.

"The Study proposes nine policy recommendations to address challenges of MSMEs during and post-COVID-19 in order to bring them back on track," MVIRDC added.

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Posted on November 18, 2020 by PNI Admin

A study titled 'Impact of COVID-19 on Indian MSMEs: Bringing Them Back on Track' conducted by MVIRDC World Trade Center Mumbai prescribed nine-point agenda to revive India's MSME sector from the adverse impact of the spread of coronavirus. MSMEs faced problems pre- and during the pandemic with respect to decrease in demand, supply chain disruptions, raw material shortage and labour shortage. They further faced insufficient resources, in terms of finance, managerial and legal skills which unexpectedly prolonged in the lockdown period. The challenges and opportunities faced by Indian MSMEs highlighted hardships MSMEs encountered in their businesses while navigating through this crisis.

The release of the Study was at a time when the Reserve Bank of India and Government of India announced relief and economic measures which were part of the Atma Nirbhar package to combat disruptions in processes of businesses across sectors.

The study provided the necessary feedback and suggestions for further policy announcements needed by businesses not just to survive but also revive.

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It is suggested that the annual turnover limit eligible under the Emergency Credit Line Guarantee Scheme (ECLGS) should be increased from Rs. 100 to Rs. 250 crore in the FY 2019-20 in view of the revised turnover limit for MSMEs. The rate of interest subvention must be increased from existing 2% for all GST registered MSMEs on fresh or incremental loans.

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