

India Revival Mission eForum 2 puts the spotlight on bolstering the MSME sector

The MSME sector is the backbone of the Indian economy. Over 6 crore MSMEs provide employment to more than 11 crore individuals and contribute 6 percent to the manufacturing GDP, besides contributing over 24 percent to the service GDP of the country. The outbreak of the COVID-19 pandemic followed by the lockdown hit the MSMEs hard with manufacturing and sales coming to a standstill.

Though the phased unlocking is giving them hope of a reversal in fortune, the question remains whether they will return to 'business-as-normal'? The **India Revival Mission eForum** that was conducted on **December 9, 2020** put the spotlight on the topic, '**What Next? Bolstering MSMEs For Growth Revival**'. The eForum brought thought leaders together to dissect the situation and offer actionable solutions.

The discussion featured eminent personalities such as, Rajeev Puri - CGM, Punjab National Bank; Sunil Alagh - Founder & MD, SKA Advisors; Shailesh Haribhakti - Chairman, Shailesh Haribhakti & Associates; Animesh Saxena - President, FISME & MD, Neetee Apparel LLP; R Narayan - President, Confederation of Micro, Small and Medium Enterprises (CMSME), FICCI and Founder & CEO, Power2SME, who collectively shared valuable insights on the revival strategies for the MSME sector.

Sharing his thoughts on how the MSMEs can embrace the current situation and prepare for future growth, **Shailesh Haribhakti** said, "The mind-set of the MSMEs will have to be somewhat altered. There is great room for an attitude of adopting far greater confidence and embracing technology because that is a given. The government is helping and so are the banks. The MSMEs need to have a better business model and draw only as much finance as is required.

Adding to the conversation, **Sunil Alagh** said, "Thinking local for local is the biggest thing that an MSME can do. You have to first establish yourself in the state that you operate in. The government lending money to the MSMEs is not the solution since the borrower will have to pay back after a point of time. It is important to think how you will create a demand for your products."

Rajeev Puri joined in to share his views on the ground realities of the state of the MSME sector - "As far as the government of India and banks are concerned, they are supporting the MSMEs. Schemes like Guaranteed Emergency Credit Line (GECL) and Emergency Credit Guarantee (ECG) offer money to the MSMEs at very nominal rates. The problem that the MSMEs have been facing for the last 6-8 months (after the outbreak of pandemic) is that of liquidity. Their material cost has depreciated and the money that was to come from the debtors has been delayed. As a result, in the new business cycle, when the creditors are asking for cash, the MSME units are unable to pay. In such a scenario, GECL scheme is very effective. Banks are also going for recycling of the working capital to help them."

Commenting on the supply Vs demand dynamics across India's MSME landscape, **Animesh Saxena** said, "Demand in our country comes in cycles - at the time of festivals and when the crop is ready and people are spending. Despite the pandemic, we saw a robust demand during the festival time and most of the MSMEs ramped up their production. Having said this, we are again seeing a huge drop in the demand, especially in the case of eateries and non-essential goods. This inconsistency in demand is a big worry for most of the MSMEs."

Speaking on the subject of credit rating of MSMEs, **R Narayan** said, "Not having your credit rating affected is the best thing an MSME can do. This translates into

dealing in cash and not taking too many loans. The window of credit lending being offered by the government will not last long. Hence, it is extremely important for MSME units to ensure timely repayment of EMIs and loans in order to maintain a strong CIBIL score and credit rating.”

The discussion covered various other pertinent issues concerning the MSME sector in India, such as, Role of succession planning in ensuring business continuity, Business model innovation within India’s MSME ecosystem, Short-term and long-term growth outlook for India’s MSME sector, Decoding the way ahead for the MSMEs, to name a few.

India Revival Mission is a mega campaign initiated by the Times Network in the wake of the pandemic to Reboot, Reload, Relaunch the economy. As part of mission, Times Network conducts a curated series of discourses and deliberations with global visionaries, key policymakers, influencers and corporate leaders who share their vision and actionable insights to accelerate India’s economic resurgence.

[Source: <https://www.timesnownews.com/business-economy/india-revival-mission/article/india-revival-mission-eforum-2-puts-the-spotlight-on-bolstering-the-msme-sector/695289>]