

## **MVIRDC Study proposes nine steps to bolster MSME sector**

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 decline 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 worsened 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 necessary feedback and suggestions for further policy announcements needed by businesses not just to survive but also revive.

As the foremost step, government intervention is of prime importance. In order to revitalize the economy there is a 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, focus on road and housing construction, promotion of exports to make it price competitive by extending government support etc.

The rate of interest subvention must be increased from existing 2% for all GST registered MSMEs on fresh or incremental loans.

It is proposed to incentivise scrappage policy in the case of automobile industry. With growing importance of testing laboratories, 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. Measures to mitigate adverse impact of COVID-19 on businesses must be undertaken from time to time, wherein Open House meeting should be organised by the Ministry of MSMEs with MSMEs to educate them on the strategy to navigate through the unprecedented times and embrace new normal.

The findings in the Study were based on a survey which was conducted on representatives from industry associations, MSMEs, chambers of commerce and industry, export promotion councils, academicians and industry experts. The survey participants represented diverse sectors such as manufacturing, wholesale and retail trade, 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.

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 credit requirements, boost e-commerce platforms, set up high-level committee, improve ease of doing business, move up the value chain, set up trade centers at rural level, etc.

A summary of the study can be accessed from the weblink:

[https://wtcmumbai.org/pdf/report-presentiton/2020/Research\\_Study\\_Impact%20of%20COVID-19.pdf](https://wtcmumbai.org/pdf/report-presentiton/2020/Research_Study_Impact%20of%20COVID-19.pdf)

## Notifications

### PIB

Compliance of FDI Policy in digital media within a month

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1673142>

BRICS Members hold 8th STI Ministerial Meeting

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1672866>

### CBIC

Tariff fixation for edible oils, brass scrap, poppy seeds, areca nut, gold and silver



<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt107-2020.pdf;jsessionid=FB419FFE432490AE5B43DBC118CF75C3>