



# IAS PARLIAMENT

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A Shankar IAS Academy Initiative

## GIST OF KURUKSHETRA

OCTOBER 2018

**Shankar IAS Academy™**

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# **I N D E X**

## **KURUKSHETRA – OCTOBER 2018**

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### **1. COIR INDUSTRY : PROSPECTS AND CHALLENGES**

#### ***What is the importance of coir industry ?***

- India is the largest producer of coir in the world and also the largest consumer of coir and coir products.
- Indian coir and coir products are in great demand in domestic and foreign markets for their special features like price, workmanship, quality and charm.
- It is also eco friendly, decomposable, non pollutant natural resource.
- The coir industry provides employment to about 7 lakh people in the country out of which 80 percent are women.
- The coir industry plays an important role in the sustainable development of India.
- It is agro based, export oriented cottage industry, which earns a foreign exchange to the tune of 1630.33 crores.
- The growth and development of coir industry in India has taken place in areas where there is concentration of coconut cultivation and availability of coconut husks.

- The coir industry provides employment opportunities to skilled and unskilled workers and full time and part time employment opportunities to agricultural labourers.
- India is the largest coir producer in the world accounting for more than 80 percent of the total world production.
- India is also the largest consumer of coir and coir products, over 55 percent of the coir and coir products produced in India is consumed internally.
- The industry employs about 7 lakhs of coir workers and majority of them are from rural areas belonging to economically weaker sections of the society.
- Women constitute 70 % of the workforce and primarily engaged in spinning and household industries.

#### ***What are the problems of the coir industry ?***

- Insufficient finance
- Inadequate market information
- lack of storage facilities
- No direct contact with industrial users
- Insufficient market mechanism for coir fibre



### ***What is the way forward ?***

- Possibilities should be explored to establish Women Banks in selected centres to enhance women's empowerment.
- Government financial institution should come forward to assist the workers of coir industry to fulfil their financial requirement.
- Government enforcing agencies should enforce various rules, regulations, provisions, welfare measures declared by the government from time to time.
- The government should do some hard thinking on the removal of transport bottlenecks and a system of mobile transportation may be introduced in coir industries.
- For enhancing the sales of coir products in the domestic market state and central governments should instruct the public sector undertakings to use coir finished goods for the office purposes.
- The directions should be given to the State Public Works Department to use cement flooring with coir mats instead of marbles and tiles.
- Central and State Governments should instruct the Railway Board and National Highway Authority of India to use the Geo textiles in the

construction of the slope railway lines and national highways to prevent soil erosion.

## **2. MSME : THE ENGINES OF GROWTH**

### ***What is the significance of MSME for India?***

- India is expected to emerge as one of the leading economies in the world over the next decade and the MSME segment is likely to play a significant role in the emergence of the Indian economy.
- The development of this sector is crucial to meet the national imperatives of financial inclusion and generation of significant levels of employment in urban and rural areas across the country.
- It can nurture and support development of new age entrepreneurs who have the potential to create globally competitive business from India.
- Many developed and developing economies have demonstrated that MSME segment constitutes the backbone for maintaining growth rates as well as employment generation rate and provides stability during economic downturns.
- As a catalyst for socio economic transformation of the country, the



sector is crucial in meeting the national objectives of generating employment and discouraging rural - urban migration.

### ***What are the focus areas for MSMEs to enter into global market ?***

- Global mindset.
- Lean Manufacturing.
- Mergers and Acquisition.
- Complementing larger industries.
- Alternate finance.
- Prepare for non tariff barriers.
- Explore options for Co operation, fair trade, IPR regulations and FDI.
- Elimination of waste.
- Enhancement of Technology.
- Use of Quality productive tools.
- Total Employee involvement.
- Flow of information to all enterprise stakeholders.

### ***What are the new initiatives of Government in MSME sector ?***

- The Ministry of Micro, Small & Medium Enterprises (MSME) has launched MSME Delayed Payment Portal – **MSME Samadhaan** for empowering micro and small entrepreneurs across the country to directly register their cases relating to

delayed payments by Central Ministries/Departments/CPSEs/State Governments.

- **Udyog Aadhaar Memorandum (UAM)** is a one-page registration form which constitutes a self-declaration format under which the MSME will self-certify its existence, bank account details, promoter/owner's Aadhaar details and other minimum information required.
- The **MSME credit space portal** will enable in principle approval for MSME loans up to Rs. 1 crore within 59 minutes from SIDBI and 5 Public Sector Banks (PSBs). It is a strategic initiative of SIDBI led PSB consortium incubated under the aegis of Department of Financial Services (DFS), Ministry of Finance.
- **Entrepreneurship Development Programmes (EDPs)** of various durations are being organized on regular basis by a number of organizations e.g. national and state level Entrepreneurship Development Institutes (EDIs), Micro, Small and Medium Enterprises Development Institutes (MSMEDIs) [earlier known as Small Industries Service Institutes (SISIs)], national and state level Industrial Development Corporations, Banks and other training institutions/agencies in private and public sector etc.



- As the Public Procurement Policy for Micro and Small Enterprises (MSME) order 2012 has mandated Every Central Ministry/Department/PSU shall set an annual goal for procurement from the MSE sector at the beginning of the year, with the objective of achieving an overall procurement goal of minimum 20 per cent of the total annual purchases from the products or services produced or rendered by MSEs, an online portal called **MSME SAMBANDH** was launched.
- **District level incubation and Acceleration Program** will help in generating new ideas and promote new ideas and promote entrepreneurship with all the necessary support.

### **3. EMPLOYMENT GENERATION THROUGH MSMEs**

#### ***What is the role of MSME ?***

- According to the estimates, this sector generates around 100 million jobs through over 46 million units situated throughout the geographical expanse of the country.
- The sector accounts for 45 % of manufacturing output and 40 % of total exports of the country.
- The labor to capital ratio in MSMEs and the overall growth in the sector is much higher than that in the large industries.

- MSMEs are important for meeting the national objectives of growth with equity and inclusion.
- They are important for promotion of industrial development in rural areas, use of traditional or inherited skill, use of local resources, mobilization of resources and exportability of products.
- Besides the wide range of services provided by the sector, the sector is engaged in the manufacturing of over 6,000 products ranging from traditional to hi tech items.

#### ***What are the major initiatives by the Government ?***

- Government's policy initiatives like enactment of the Micro Small and Medium Enterprises Development Act, 2006.
- Pruning of reserved small scale industries list; advising Financial institutions to increase their flow of credit to SME sector.
- Reservation of items for exclusive manufacture in MSME sector statutorily provided for in the industries Act, 1951.
- The President, under Notification dated May 9, 2007, has amended the Government of India Rules, 1961.



- Pursuant to this amendment, Ministry of Agro and Rural Industries and Ministry of Small Scale Industries were merged into a single Ministry namely, Ministry of MSME.

### ***What are the major schemes for MSME?***

- **SFURTI** : SFURTI is Scheme of Fund for Regeneration of Traditional Industries.
- Ministry of Micro Small and Medium Enterprises (MSME), Govt. of India has launched this scheme in the year 2005 with the view to promote Cluster development.
- **Stand up India scheme** : The Stand up India scheme aims at promoting entrepreneurship among women and scheduled castes and tribes.
- Stand-Up India Scheme facilitates bank loans between Rs 10 lakh and Rs 1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise.
- **Trade Related Entrepreneurship Assistance and Development (TREAD)** : Ministry of Micro, Small and Medium Enterprises (MSME) is operating a scheme titled “Trade Related Entrepreneurship Assistance

and Development (TREAD)” to promote women entrepreneurs.

- The scheme envisages economic empowerment of women through trade related training, information and counseling activities related to trades, products, services, etc.

### ***What are the challenges ?***

- Whatever the bank finance this sector gets, comes at far higher interest costs than what large enterprises can negotiate.
- Long receivable cycles make a mess of working capital management.
- Little access to trained labor, technical progress and management support limit their growth.
- Availability of technology, infrastructure and managerial competence, and limitations posed by labor laws, taxation policy, market uncertainty and imperfect competition.

### ***What is the way forward ?***

- The challenge now is to create a policy environment that will encourage the growth of more MSME that can hold their own in a competitive market.
- The problems faced by MSMEs need to be considered in a disaggregated manner for successful policy implementation as they produce very



diverse products, use different inputs and operate in distinct environments.

- There is a need for tax provisions and laws that are not only labor friendly but also entrepreneur friendly.
- There is a need for skill formation and continuous upgrade both for labor and entrepreneurs.
- The Government could consider dedicated television and radio programs, similar to agriculture, to help educate entrepreneurs running small businesses.

#### **4. FOSTERING TECHNOLOGY AND INNOVATION**

##### **Why MSME needs Technological Infusion ?**

- Technology is the enabler of growth.
- Creating innovation and technology ecosystem is pertinent for commercializing inventions for value added products and services.
- The adoption of new technologies is essential for growth and it is indisputable.

##### **What are the top technological trends that shape MSMEs ?**

###### **Industry 4.0 :**

- The rise of new digital industrial technology, known as Industry 4.0, is a transformation that makes it possible to gather and analyze data across machines, enabling faster,

more flexible, and more efficient processes to produce higher-quality goods at reduced costs.

- This manufacturing revolution will increase productivity, shift economics, foster industrial growth, and modify the profile of the workforce—ultimately changing the competitiveness of companies and regions.

##### **Artificial Intelligence (AI) and Machine Learning (ML) :**

- Artificial Intelligence is the broader concept of machines being able to carry out tasks in a way that we would consider “smart”.
- Machine Learning is a current application of AI based around the idea that we should really just be able to give machines access to data and let them learn for themselves.
- Both AI and ML can transform the sales mechanism, data mining, data analytics and sales forecasts.

##### **Virtual Reality:**

- Virtual reality (VR) is an artificial, computer-generated simulation or recreation of a real life environment or situation.
- It immerses the user by making them feel like they are experiencing the simulated reality firsthand, primarily by stimulating their vision and hearing.





### **Augmented Reality:**

- Augmented reality (AR) is a technology that layers computer-generated enhancements atop an existing reality in order to make it more meaningful through the ability to interact with it.
- AR is developed into apps and used on mobile devices to blend digital components into the real world in such a way that they enhance one another, but can also be told apart easily.

### **FinTech :**

- Financial technology (FinTech or fintech) is the new technology and innovation that aims to compete with traditional financial methods in the delivery of financial services.
- FinTech is a new industry that uses technology to improve activities in finance.
- The use of smartphones for mobile banking, investing services and cryptocurrency are examples of technologies aiming to make financial services more accessible to the general public.
- Financial technology companies consist of both startups and established financial and technology companies trying to replace or enhance the usage of financial services provided by existing financial companies.

### **Blockchain Technology :**

- The blockchain is an undeniably ingenious invention – the brainchild of a person or group of people known by the pseudonym, Satoshi Nakamoto.
- By allowing digital information to be distributed but not copied, blockchain technology created the backbone of a new type of internet.
- Originally devised for the digital currency, Bitcoin, the tech community is now finding other potential uses for the technology.

### **3D printing :**

- 3D printing is any of various processes in which material is joined or solidified under computer control to create a three-dimensional object, with material being added together (such as liquid molecules or powder grains being fused together).
- 3D printing is used in both rapid prototyping and additive manufacturing.
- Objects can be of almost any shape or geometry and typically are produced using digital model data from a 3D model or another electronic data source such as an Additive Manufacturing File (AMF) file (usually in sequential layers).



## 5. MSME FOR INCLUSIVE DEVELOPMENT

### What is MSME ?

- Section 7 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 will accordingly be amended to define units producing goods and rendering services in terms of annual turnover as follows:
- A micro enterprise will be defined as a unit where the annual turnover does not exceed five crore rupees;
- A small enterprise will be defined as a unit where the annual turnover is more than five crore rupees but does not exceed Rs 75 crore;
- A medium enterprise will be defined as a unit where the annual turnover is more than seventy five crore rupees but does not exceed Rs 250 crore.
- Additionally, the Central Government may, by notification, vary turnover limits, which shall not exceed thrice the limits specified in Section 7 of the MSMED Act.

### What are the IT initiatives of the ministry ?

- **MSME Samadhaan** : This Portal will empower Micro and Small entrepreneurs across the country to directly register their cases relating to delayed payments by Central Ministries/Departments/CPSEs/State Governments.

- The Portal will give information about the pending payment of MSEs with individual CPSEs / Central Ministries, State Governments, etc.
- **MSME Sambandh** : The Portal will help in monitoring the implementation of the Public Procurement from MSEs by Central Public Sector Enterprises(CPSEs).
- Using this Online Portal, the Ministries and CPSEs can assess their performance.
- **MyMSME mobile app** was launched which provides information on all schemes implemented by the Ministry of MSME at one place.
- **Udyog Aadhaar Memorandum (UAM)** is a one-page registration form which constitutes a self-declaration format under which the MSME will self-certify its existence, bank account details, promoter/owner's Aadhaar details and other minimum information required.

### What are the schemes available exclusively for women ?

#### TRADE RELATED ENTREPRENEURSHIP ASSISTANCE AND DEVELOPMENT SCHEME FOR WOMEN (TREAD) :

- With a view to encourage women in setting up their own ventures, government implements a Scheme, namely, "Trade Related Entrepreneurship Assistance and Development (TREAD) during the 11th Plan.



- The scheme envisages economic empowerment of women through the development of their entrepreneurial skills in nonfarm activities.

**MICRO & SMALL ENTERPRISES CLUSTER DEVELOPMENT PROGRAMME (MSE-CDP) :**

- The Cluster Development Programme (CDP) being implemented envisages diagnostic study of identified clusters of traditional skill-based MSEs to identify appropriate technologies and their providers and to facilitate adoption of available technology meeting the specific needs of the end users.
- The Cluster Development aims at enhanced competitiveness, technology improvement, adoption of best manufacturing practices, marketing of products, employment generation etc.
- The scheme provides assistance for capacity building, common facilities, marketing etc.

**CREDIT GUARANTEE FUND SCHEME FOR MICRO AND SMALL ENTERPRISES :**

- The Scheme was launched in August 2000 to ensure better flow of credit to micro and small enterprises by minimizing the risk perception of financial institutions and banks in lending without collateral security.
- Under the scheme, guarantee cover is provided to collateral free credit facility extended by member lending institutions (MLIs) to the new as well

as existing micro and small enterprises on loans up to Rs.50 lakh.

**SUPPORT FOR ENTREPRENEURIAL AND MANAGERIAL DEVELOPMENT :**

- MSME-DIs regularly organize a number of Entrepreneurship Skill Development Programme (ESDPs)/ Entrepreneurship Development Programme (EDPs)/ Management Development Programmes (MDPs) to train the potential entrepreneurs in improving their techno/managerial knowledge and skill with a view to facilitating them to start MSEs in various fields.
- Many of the programmes are tailor made for the target group for SC,ST, OBC,Women, Minorities and other weaker sections and exclusively for women.
- These programmes are also called “Out-reach Programmes” as they are conducted in rural / less developed areas.

**EXHIBITIONS FOR WOMEN UNDER PROMOTIONAL PACKAGE FOR MICRO & SMALL ENTERPRISES :**

- DC (MSME) has formulated a scheme for women entrepreneurs to encourage Small & Micro manufacturing units owned by women and register in DI/DIC in their efforts at tapping and developing overseas markets, to increase participation of representatives of small/micro manufacturing enterprises under MSME stall at International Trade Fairs/Exhibitions, to enhance export from such units.