



**mccia**<sup>®</sup>

# **MSME Survey**

(April 2020)

## **Empirical Study**

Understanding MSME  
Problems during the  
Pandemic COVID-19

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## Introduction:

**Mahratta Chamber of Commerce, Industries and Agriculture** undertook a MSME Survey to understand the current condition of MSMEs in the midst of COVID-19 pandemic from 30<sup>th</sup> March to 10<sup>th</sup> April. 459 companies participated in the survey. The survey feedback from MSMEs in the light of the current pandemic COVID-19 will facilitate appropriate representations to the Government for the benefit of MSMEs. The study will facilitate appropriate policy measures for the future strengthening of MSMEs.

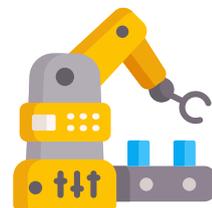
The survey imposed 24 questions to help MSMEs express their difficulties in different verticals, addressing the investment, inventory, labour and futuristic issues. We also asked them questions on Provident Fund and ESIC. We have captured their expectations from the Government, MIDC, Ministry of MSME, MSEDCL, Municipal Corporation, Suggestions on GST, Import – Export Policies and measures to strengthen the MSMEs. We have received more than 200 suggestions in each arena, which we have tried to study in detail and summarize for the purpose of making representation to the appropriate Government body.

MSMEs are the backbone of any society, as they help in job creation. MSMEs need to be protected and have strict law enforcement for payment receivables. This segment does not have any protection or a strong process for debt recovery.

It is well known that there are around 64 million MSMEs contributing to the GDP of the country. The contribution of the Manufacturing units to the GDP is around 6.11% and 24.63% is the contribution from the Service sector to the Indian economy.

The SME segment has been growing exponentially in Pune since the nineties. In Maharashtra, there are 69,702 Udyog Aadhar registered micro, small and medium enterprises (MSMEs) in the Pune region, including Pune, Solapur, Kolhapur, Sangli and Satara districts. It is estimated that there are around 25000 MSMEs in Pune region. However, there are close to 48000 companies registered under Udyog Adhar.

# What are MSMEs?



According to the official MSME definition;

- A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 lakh for the manufacturing sector and less than 10 Lakhs for the service sector.
- A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 lakh but does not exceed Rs. 5 crore for the manufacturing sector and greater than 10 lakhs and less than 2 crores for the service sector.
- A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore for the manufacturing sector and greater than 2 crores and less than 5 crores for the service sector.
- Amendments have been proposed for the definition of the MSMEs based on turnover which would merge the criteria both for the manufacturing and the service segment. Those companies having turnover of less than 5 crores would classify as Micro Enterprises. Those whose turnover is between 5 crores to 75 crores would fall in the Small Enterprise category and Companies having turnover between 75 crores and less than 250 crores would fall into the Medium category. The new definition has yet to formalize.



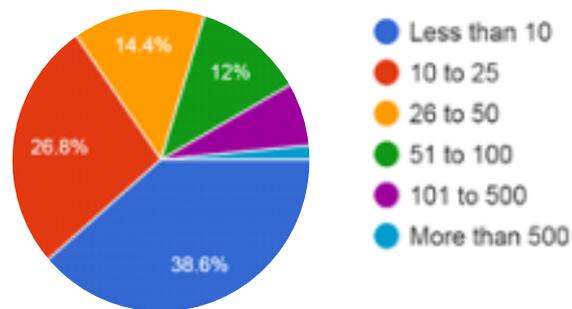
# Understanding the Profile of the Participating Companies



**459 companies participated in the survey.**

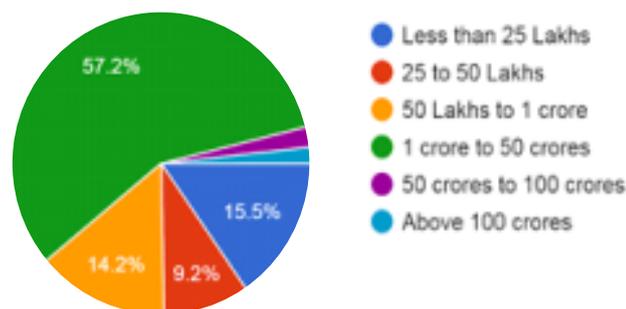
## Employee Strength

To enhance our understanding of the kind of employment opportunities in the MSMEs we understand that out of our respondents, 38.6% hired less than 10 workforces, 26.8% respondents hired workforce between 10 to 25. 14.4% respondents hired labour force less than 50. More than 10% hired work force up to 100 and 6.8% (larger companies) hired more than 100 employees. Most of the companies who participated in the survey ran from micro to small to medium sized companies.



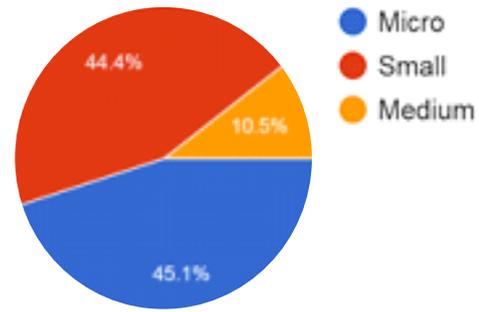
## Turnover in the last Financial Year 2019-20 (in Lakhs)

Participating companies shared their turnover range with us. Around 57.2% companies had a turnover from 1 crore to 50 crores, 14.2% companies had turnover up to 1 crores. Around 1.7% companies had turnover around 100 crores and above.



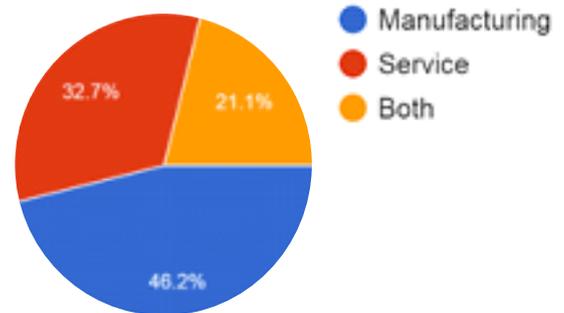
## Type of Enterprise

Majority of the participants i.e 89.5% of the participants of the survey were micro and small enterprises. Around 10.5% of the participants were medium in size.



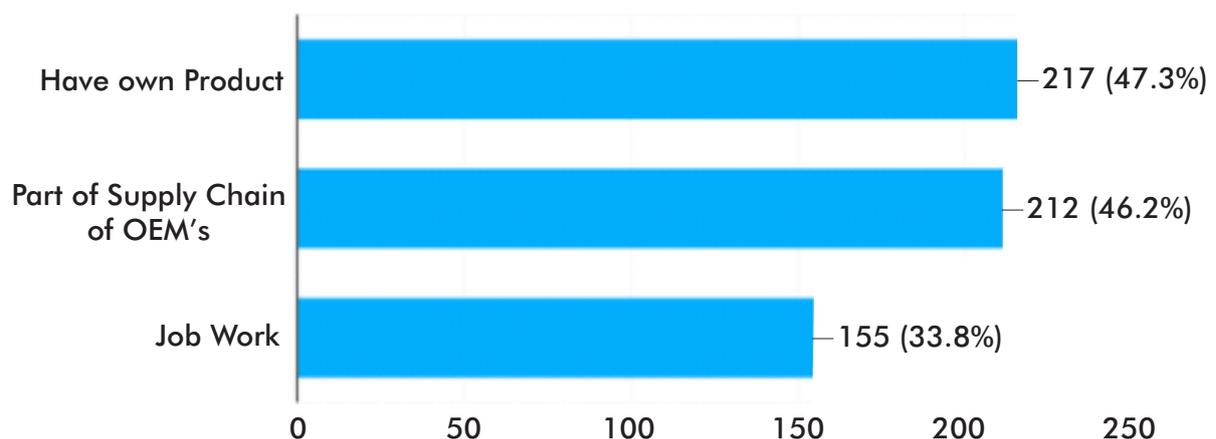
## Nature of Enterprises

46.2% participants were into manufacturing and close to 33% MSMEs were into services. There were 21.1% participants who were both into manufacturing and service.



## Categories of Enterprises

Similarly, 47.3% respondents manufactured their own product, 46.2% were a part of the supply chain of OEMs and 33.8% worked based on the Job Works.



# Understanding the sentiments of the MSMEs under the Current Situation



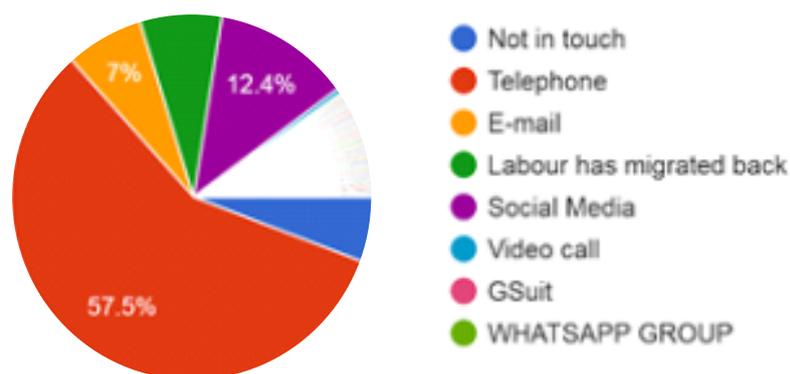
## 1. Main Challenges faced by the MSMEs

In the question on Main Challenges faced during lock down, we learnt that biggest challenge faced by the MSMEs is the Cash Flow (85%), followed by Fear of Future of Business (70%), Incomplete Orders (54%), and Inventory (30%) in that order.

Other fears cited by the MSMEs are payment of salaries to employees who are currently not working, de-acceleration of growth, future manpower availability, high borrowing cost of funds, problems in resuming production, clients may cancel existing orders/projects. Continuing overheads without profits, loan repayments, orders on hold, complete closedown of business, not enough funds to pay back staff salary, mounting overhead costs, pending customers' bills, labour availability, expected future delays in resuming production, statutory compliances and taxation, unpaid receivables, loan payments, unpaid government bills, inflation and overhead costs.

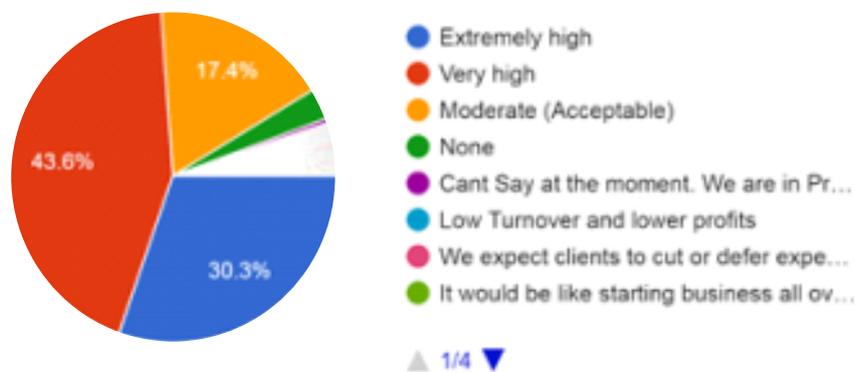
## 2. Are the employers connected to their staff/ labours during the lockdown?

95% of the respondents are keeping touch with their employees. Less than 8% employees have migrated back. Close to 58% are in touch over telephone calls. The other means of communication adopted are Email (7%), social media (12.4%), G suit, whatsapp groups, Zoom and other multimedia platforms.



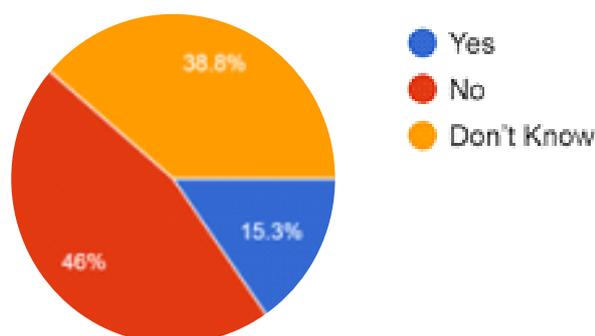
### 3. Impact on Business on your firm's turnover and profits in 2020-21?

The current pandemic is definitely going to impact the profitability of business. It is important to understand the psychology of the MSMEs. 43.6% respondents feel that the impact will be very high. 30.3% are of the opinion that the impact will be extremely high. 17.4% are expecting that the impact will be moderate. 3.1% MSMEs feel that the impact is unpredictable. Few others are of the opinion that since the length of the lockdown is not known as yet, the impact on business cannot be predicted.



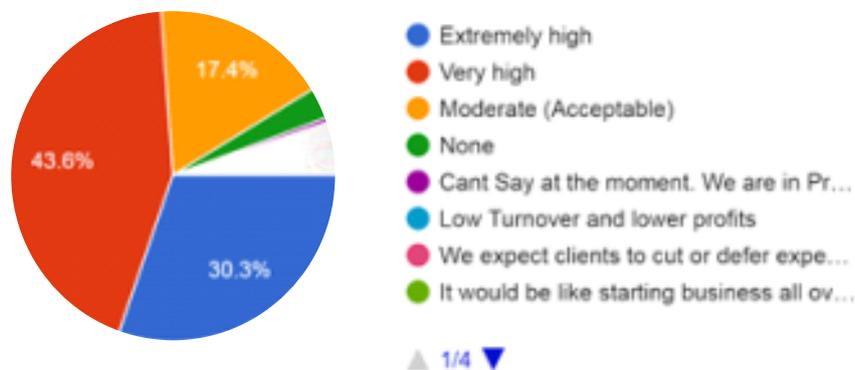
### 4. Impact on the Labour Force post pandemic COVID-19

On being asked if the companies are going to downsize the labour force, 15.3% are quite sure that they will cut down on the labour force once they commence operations. A big chunk of respondents 46% will not downsize the labour. 38.8% are non-committal as the future is not indicative, under lockdown.



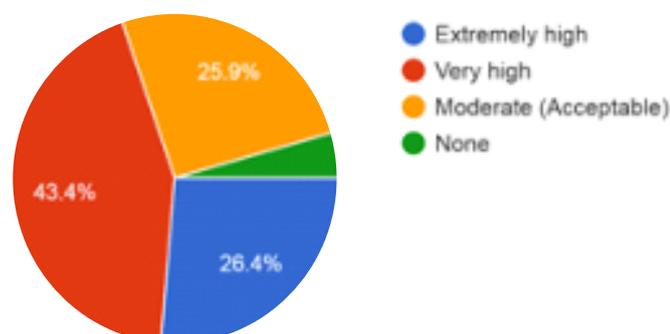
## 5. Impact on the salaries/wages of the staff/workers post pandemic COVID- 19

Interestingly 43.4% respondents are optimistic about the future and supportive of the staff, wherein they clearly said that they will pay full salaries to employees. 16.6% micro firms were honest enough to submit that there would be salary/wage cuts. Similarly, 40.1% are not sure how the future will unfold and have expressed doubt on their future course of action in this regard.



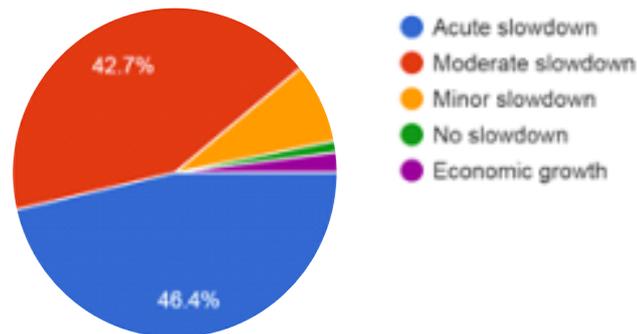
## 6. Short-term impact on your customers' demand for your products/services (cancellation or modification of customers' orders)

26.4% MSMEs feel that future demand will have an extreme impact. 43.4% respondents also feel that the impact will be high. 25.9% admitted that there is an expected reflection on the future demand but within a manageable trajectory. 4.4% are certain that there will be absolutely no impact on the future demand. This may also be based on the nature of business, which could be food processing, services or essential commodities.



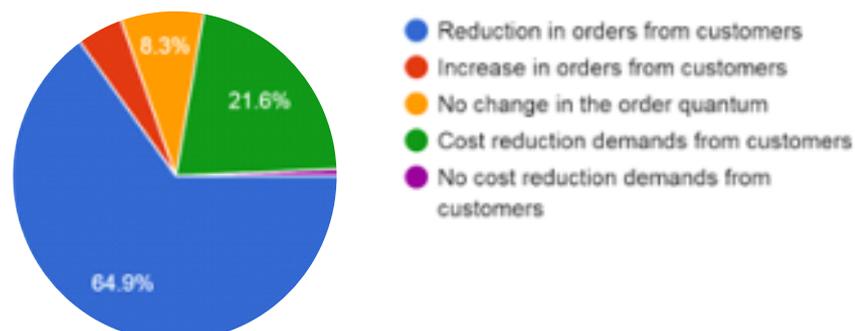
## 7. Perception of economic slowdown in 2020-2021

Almost half (46.4%) see an acute slowdown. 42.7% feel that there will be moderate slowdown. 7.8% feel that there will be a minor slowdown. 1.1% feel there will be no slow down.



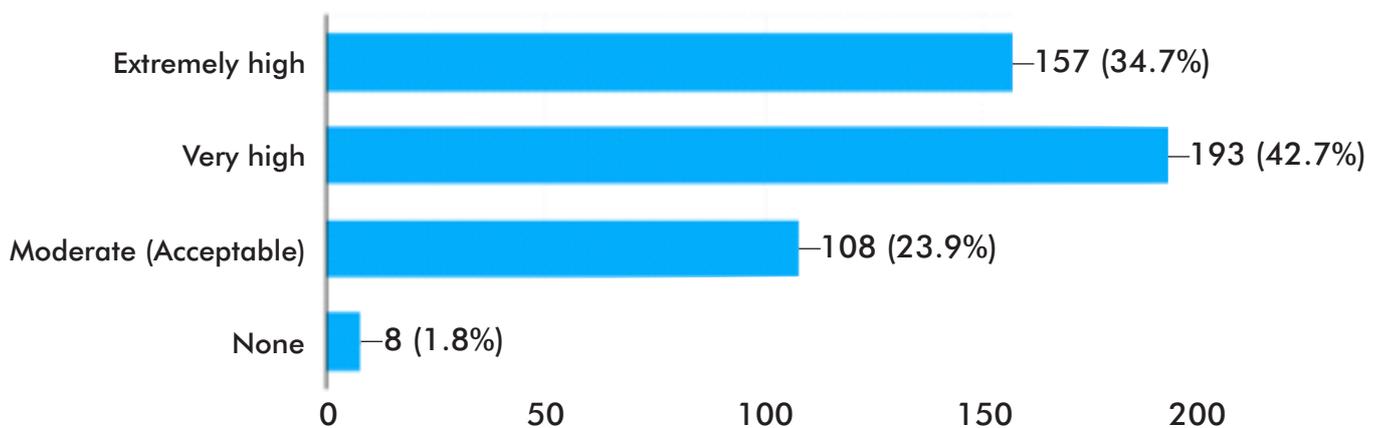
## 8. Impact on your business post lockdown

64.9% are sure that the impact of COVID-19 will result into a reduction in orders from customers, 8.3% are of the opinion that there will be no change in the order quantum. A small segment feel that the situation will turnaround soon and business prospects look good. 19 respondents say that after lockdown there may be an increase in orders. MSMEs who are into medical equipments and medical accessories fall into the 4.6% bracket who say business prospects are good post Lockdown. 21.6% MSMEs indicate that the customers will demand a reduction in cost post the lockdown.



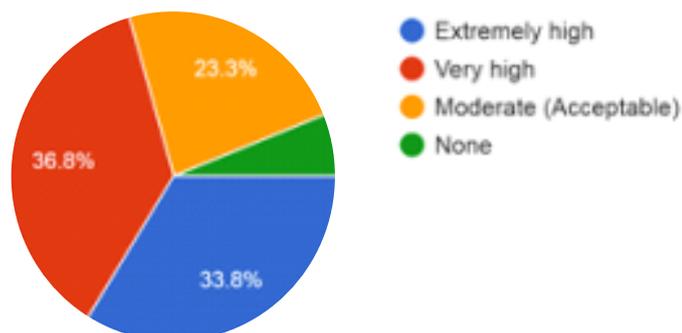
## 9. Exposure to the risk of Payments from Customers – Trade Receivables

On being asked on the exposure to the risk of Payments from Customers -Trade Receivables 34.7% respondents feel that the risk is extremely high, 42.7% again feel that the risk is very high. 23.9% agree that the risk level is moderate as in normal circumstances and close to 2% indicate that there is no risk in Trade receivables.



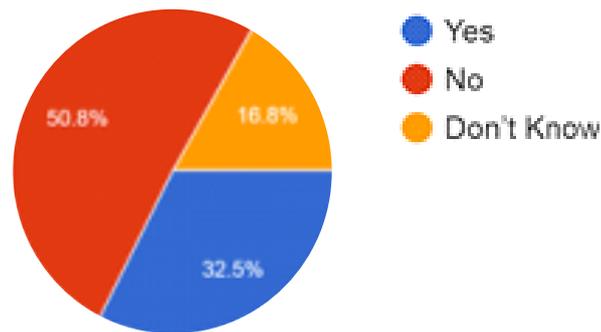
## 10. Expected impact of the recent act of not allowing to reduce the salary of employees and workers

33.8% employees are concerned that the impact of not being allowed to reduce salaries of staff would be extremely high. 36.8% again feel that they would be highly impacted. 23.3% feel that the impact will be moderate and manageable. A small 6.1% are impervious to any impact.



## 11. Impact of the Moratorium on Loans

On being asked if the moratorium on collection of loan installments and interest is useful to their organization, close to 51% business units were in outright denial that it would yield any kind of benefit. 32.5% were positive and responded in affirmative.



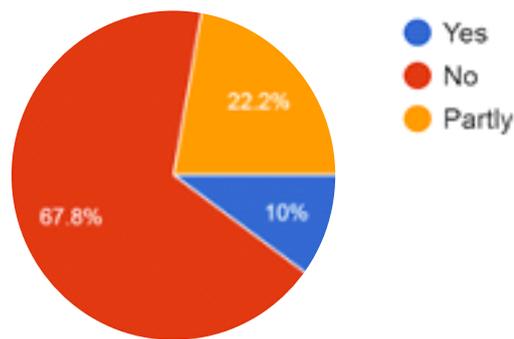
16.8% respondents said they didn't see how this facility was useful.

**MSMEs have explained why the moratorium on loans is not useful. The reasons cited are consolidated below.**

- MSMEs may end up paying higher sums if the lockdown goes beyond three months.
- Accumulated Interest would increase the outflow of funds by many fold because of deferment. Interest should be kept same as in the original repayment schedule; only the period should be extended for the facility to be meaningful.
- It is of no use as it will just improve cash flow temporarily.
- The compounded interest will get added and MSMEs will end up paying more. Moratorium should be given on the Principle and interest should be waived off for 3 months.
- There should be complete waiver. By moratorium you are just deferring the liability which will result in a big interest burden at the end of the moratorium period.
- Furthermore, if one opts for credit card moratorium then the interest is as high as 47%, considering lot of MSMEs use credit cards for utility payments.

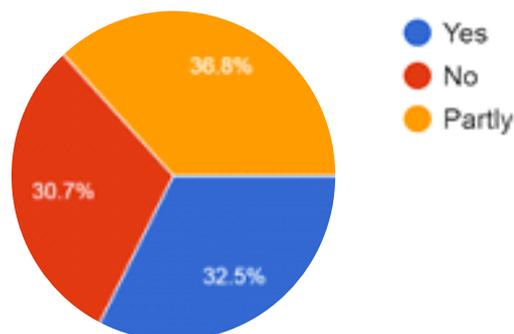
## 12. Impact on payment during the Lock- down period

Most companies were heavily impacted as close to 68% didn't receive payments during the lock-down, further impacting their future growth. 10% were fortunate enough to receive timely payments. Around 22.2% received partial payments.



## 13. Payment to Suppliers by MSMEs

On the other hand, MSMEs on being asked if they are making payments to their suppliers during this lock down period, the responses were distributed almost equally, 36.8% admitted to making part of the payments, 32.5% made complete payments and 30.7% did not pay their suppliers.



# Expectations from Government Organizations



Besides trying to understand the current sentiment of the MSMEs we tried to understand their expectations from the State Government, MIDC, on compulsions of the Provident Fund, MSEDCL, Import Export Policy, etc. We received more than 200 responses on each of the questions posed. We have tried to capture the essence of the problems faced and the solutions advocated by the industries to the Government.

## 1. Suggestions on PF & ESIC

Most of the respondents asked for a waiver of the PF and ESIC for a minimum period of 3 months to 6 months. Some even suggested that the waiver should be for one year and unconditional. Out of 218 respondents, 60 companies said that PF and ESIC was either not applicable to them or they were in sync with the current situation or had no comments. The rest 158 companies advocated amendments, leniency and deferment of payment.

- One suggestion was that PF should be deferred, and payable in instalments after 2020-21. MSMEs also sought full or partial contribution from the Government.
- Another respondent suggested that employers should be given subsidies. It was also suggested that the employer's contribution should be reduced.
- Another MSME added that the Government should pay for the lockdown period plus for another 6 months to help boost MSMEs and help them sail through this crisis.
- An observation made by an MSME was that the Government should bear the PF and ESI contribution of employee and employer for all organizations having staff up to 100. Currently restriction is imposed to bear PF of only those organizations where wages of 90% staff is less than Rs.15000.
- There are no guidelines about ESI contribution also. The deadline to pay ESI and EPF should be increased. There should not be any penalty on organization for late payment.

- Another request that was made was that mandatory filing based on deadline should not be there. Also late penalties should be removed.
- Some respondents also felt that ESIC was not of much use as many companies have health and accident insurance also. ESIC should have a compulsory collaboration with private hospitals if they don't have good dispensaries at the district level. Also most workforce are not in a position to use ESI facility. So it was requested to make it optional as companies can take better care of the employee and their families by way of health insurance.



## 2. On expectations from the Ministry of MSME- Summary of 350 responses

Expectations are manifold from the Ministry of MSMEs. In these trying times, the cry for help is loud and clear from Small Manufacturing and Service Industry. There were 350 suggestions. We have tried to capture the sentiment in brief.

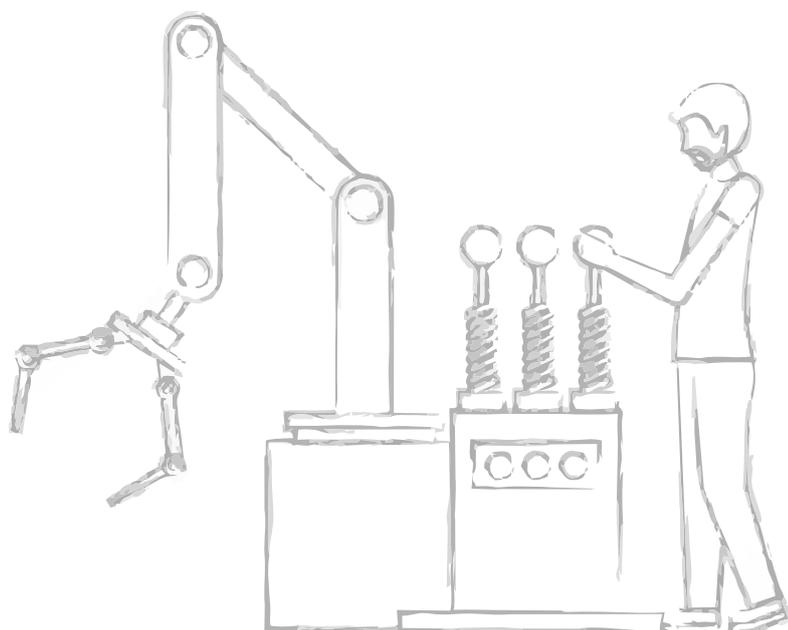
MCCIA has undertaken the initiative of providing the Banks and the MSMEs a common platform to meet and explore financial options. MSMEs are always short of funds. Getting working capital and capital for expansion for plant and machinery has been a challenge. MSMEs have a perpetual demand of collateral free loans with least amount of paper work. Some of the comments are captured below;

- Banks should consider 180 days instead of present 90 days for book debts.
- Additional working capital to be given by banks. (@20% more than normal CC limit).
- Preference of order placement from the Government.
- Ease and promotion in export business.
- Reduce interest rates substantially.
- Mitigate credit rating downgrades, make finance available by cutting margins and collateral coverage ratios.
- 5% Interest Subvention, 25% Capital subsidy for investments in last 1 year, Removal of RCM liabilities in GST and bridge finance without interest for 6 months.
- Waiver in Loan interest for a particular span.
- Free late payments facilities of Indirect Taxes.
- MSEB should not take the fixed charges and allow delayed payment of bills for at least the lockdown period.

- For all existing as well as incremental loan of a valid Udyog Adhar holder SME unit request is to give 5% interest subsidy from 01-03-2020.
- Another suggestion was that the Cash flow and Liquidity to be provided to those who have a clean track record of repayment of loans and timely payments of EMI and interest. The one who has a clean track record of last 3 years in repayment, should have the facility of increasing the loan limits at a reasonable rate of interest and complete waiver of stamp duty on the enhanced limits.
- Dates of filing without interest and penalty and financial availability should be extended.
- Assurance of advance GST payment from customer. There should be no procedural delays. A facility of 100 % payment strictly within 45 days from every customer.
- Payment to all our workforce without any output is going to be very tough on MSMEs. Request for Wage Subsidy or GST / Tax Waivers.
- MSMEs need more subsidy for short term for companies to adjust to the lack of sales and cash flow cycle. SMEs are under great pressure of banks for maintaining sales and profits. Hence subsidies will help in sustaining the current bad patch and help in sustaining the Corona after effects.
- For all existing as well as incremental loan of a valid Udyog Adhar holder SME unit - give 5% interest subsidy from 01-03-2020.
- All banks should postpone the EMIs for at least 4 months.
- Payment from customers should be received on the payment terms within 30 days. Request to make it mandatory for corporates to pay as per contractual terms. COVID- 19 or Lockdown should not be an excuse for not paying.
- Should release the claims of CLCSS subsidy amount in cash immediately. Also subsidies must be increased under CLCSS.

- Allow MSMEs flexibility regarding its labour force as no company wants to fire its trained labour. Allow 50% salary to its workforce.
- Give more subsidy for short term for companies to adjust to the lack of sales and economic and cash flow cycle.
- Financial cycle should be restored immediately and special provision for immediate and first priority of payment. For six months interest free loans for six months to take of fix expenses and salary.
- Golden stimulus package based on taxes contributed.
- There is a need for a transparent Public Procurement Policy especially from the Government (Defence, Railways and Heavy Industry).
- Waive off the minimum demand charge and duty of electricity bills.
- Since there is no certainty by when this situation will improve, Government should ensure that businesses have enough cash flow in the long term.
- Easy and quick disbursement of small loans up to 25 lakhs.
- Required marketing support for MSMEs.
- Low interest loans to survive especially for Women Entrepreneurs.
- To resume economic activity at least manufacturing in a limited way like cutting shifts, maintaining appropriate distance and precautions which would be at most important.
- There are heavy taxes to be paid. GST at 18%, property tax and Income Tax at 26% etc. This leaves MSMEs almost empty handed considering other expenses such as building maintenance, salaries, electricity bills etc.
- Moratorium to be extended up to 6 months.

- Compel PSUs and Government departments to release payment within the credit period.
- Lift the lockdown immediately. At least MSMEs should be allowed to start the manufacturing with 50% capacity. Export promotions should be done with the target to capture the Markets which were previously held by Chinese Companies. Export incentives should be given. Enough liquidity of funds should be given to MSMEs.
- Many MSME's are likely to face financial issues and get into NPA situation. RBI needs to put hold on implementation of SARFAESI Act for one year otherwise many units (upto 5 cr loans) will be under lot of stress from banks. And it will not serve any purpose because even banks will not find it easy to recover loans by selling assets of the units in trouble.



### 3. Expectations from the GST Regime – Summary of 329 responses

- Moratorium, no interest and penalties for rest of 2020-21. Request not to block E-way challans for defaults. Same for TDS and Company Law compliances.
- No time limit for e-way bills for consignments held up and not yet delivered.
- Less stringent enforcement of collection of GST for the next one year.
- No GST payments or returns for 4 to 6 months.
- The interest and penalties should be equal for all turnover categories. Purchaser should not be penalized if the seller fails to pay the GST collected, since GST is on billing only, it is to be paid after collecting.
- Refunds are slow despite government assurances. ITC (input Tax Credit) allowed is 110% (previously it was 120 %) of GST 2A but now many non-filers or quarterly filers will be in the GST regime. Hence GST council should allow actual ITC and back it up with photocopy of invoices, as was done in the start of GST regime. Should do so for two financial years.
- MSMEs should be paying GST on receipt of payments. Few industries even withhold GST payments till they see that the GST payments are made by the MSMEs. This leads to delayed payments of GST amounts held by the client.
- For sales from 01-03-2020 onwards request to allow payment of GST deferment till 30-06-2020.
- Reduce GST from 18% to 12%. GST Rates can be reduced for year 2020-21.
- E-invoice should be issued to all GST registered companies.
- GST on Job-work should be abolished
- Monthly filing of GST should be done away with. Quarterly GST payment for MSMEs must be implemented.

- GST payment moratorium required without any interest for the moratorium period.
- Suggestion to immediately refund Last FY 2018-19 GST amounts and cut down GST rate 18% to 9%.
- Quarterly GST returns for industries with Rs 1 to 50 crore turnover, is desirable. It will give sufficient time for making provision for GST payment.
- ST should be made easy and friendly so that any common man can understand and calculate his own business and file the returns.
- The very fact that the registration is given by the Government, the buyer should not be held liable if the seller has not paid the taxes. The buyer should be allowed to take ITC irrespective of seller paying the taxes or not.
- Reduce the GST rate for some basic essential commodities. Medical equipment and medicine should be tax free for specific period. And for GST 3B filings more extensions must be provided.
- We generate invoices and then we do not get timely payments from customer. Yet we are expected to pay GST which is practically impossible for smaller firms.
- We have a lot of GST credit with the Government. We want to have that cash in hand. If GST filing is delayed, we are penalised. Therefore, Government should also pay the interest to organizations for their GST credits.
- Request for refund of IGST paid on exports. No refunds are issued in Ahmednagar. Refunds are pending since September 2017.
- Deferment of statutory payments. No harassment for filing return and payments during this period.
- System should be linked with non-paying customers, so those companies can be penalized who claim GST but defer or delay payments of small vendors.
- Auto calculation of GST applicable and credit available based on transactions through bank (so that small firms don't have to depend on CA services).

- Penalties should be waived off for six months.
- Some system should be devised wherein we can inform the government the outstanding amount for more than three months and some action can be taken against such defaulters.
- GST refunds should be immediately transferred to maintain liquidity and cash flow.
- The interest and penalties should be equal for all turnover categories. Purchaser should not be penalized if the seller fails to pay the GST collected, since GST is on billing only, it is to be paid after collecting.
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#### 4. Expectations from the State Government – Summary of 261 responses

- Relaxation on VAT legacy payments and C form issues.
- Professional Tax should be waived off.
- Lower power tariff, pay employer contribution of PF & ESI, allow deduction from SGST payment. Request to pay PSI incentives fast.
- Payment of electricity bills for the lockdown period should be waived off.
- Government payment dues should be made immediately and no harassment from departments.
- All pending subsidies must be cleared on an emergency basis. Power subsidy announced for textiles in Maharashtra 2 years back are still not given to eligible the firms.
- Reduce paper work in all segments to stay focused.
- Relaxation on local taxes and settle old sales tax cases without any penalty and interest.
- Low interest and fast processing of finance for MSMEs.
- Relaxation in subsidy norms and quick disbursement of subsidy to tide over the difficulties.
- Rapid test kits for COVID testing should be made available as soon as possible
- Help migrant workers to avail of free groceries. They don't get such benefit as they don't have a ration card of the State. The workers should be eligible for ration by showing the ESIC card.
- Exempt MIDC charges for units.
- Incentives for setting up new manufacturing units for food and pharmaceuticals.

- Bolder economic reforms and cut down red tape. Allow infrastructure growth.
- Should immediately release pending subsidy.
- Control local goons in MIDC area.
- Municipal Corporation and Gram Panchayat purchases should be specifically sourced from the MSMEs.
- Need good roads, increase railway tracks in the State which will ease transport. Need to start metro route at the earliest.
- Waiver of fixed charges on Electrical connections.
- No minimum charges on water bill.
- Come with policies to encourage migrant labour force to return.
- Should create an atmosphere of safety and health in the city so that we can be able to gather our work forces and to start contractual obligations after the lock down period.
- Better treatment in government offices. Relief in taxes such as stamp duties, corporation taxes, electricity charges etc. Support from local administration for resolving minor issues.
- Waive Toll Tax, Tax on Freight for 6 months.
- Make it mandatory for OEMs to source 90 % parts from Indian SMEs. Lot of MNC OEMs have asked their MNC sub vendors from their headquarters to set up a plant in India. This way only the manufacturing location is changed but the profits are going back to their home countries. Unless these profits remain in India it won't boost the economy.
- Allow State and local transport.
- State Government only collects taxes from industries but does not provide basic facilities in industrial areas - Drinking Water stall, Toilet, Garbage-Bins etc.

- Industries having Medical Insurance for employee should be exempted from EISC scheme.
- The state government as well as the central government should strongly take up and put an end to the local issues that the industry faces including mathadi problems.
- Provide interest free loans for installing rooftop solar electrification system so as to cut down recurring electricity expense. Provide good roads and enable immediate police action on FIRs regarding theft of goods from our locations.
- Create labour camps/hostel for bachelors with canteen at affordable rates.
- Facilitate consultants, motivators, to help or subsidize MSMEs to get ISO certification, 5S etc.
- Single window clearance for applications for allowing skeletal staff to work from office during lockdown.
- Need to think how can SSIs pay labour's salary in lockdown. Also give permission to run the factory with minimum workforce.
- State Government should halt the Safety Audit Inspection, which is going on right now. Safety Audits can be carried out after some time.
- All pending subsidies to be cleared on an emergency basis. Power subsidy announced for textiles in Maharashtra 2 years back still not given to eligible firms.
- Relief in taxes such as stamp duties, corporation taxes, electricity charges etc. Support from local administration for resolving minor issues.
- Appeal to authorities at local level and address the trade receivable issues without going through the lengthy court proceedings.
- Smooth functioning of MSEDCL, reduced factory act requirements, quick release of refund of sales tax after assessment.

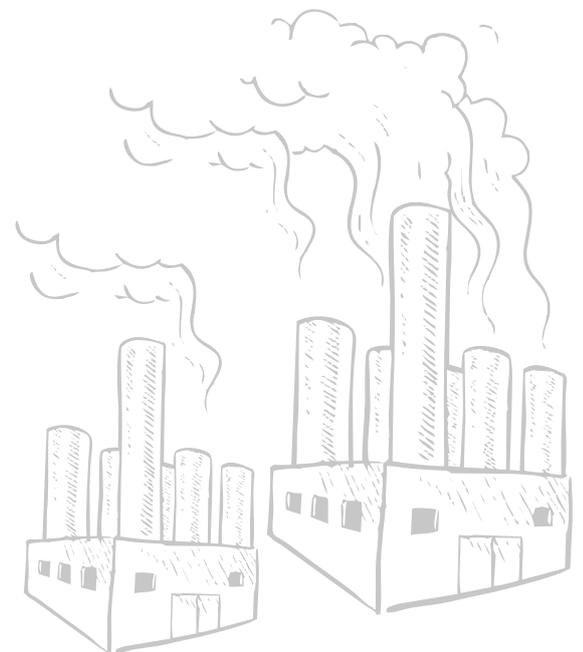
- Should continue health related efforts for the next 6 months till a vaccine is developed for COVID19 and also should step up measures to avoid health related issues occurring during monsoons. Should instruct municipality and Gram Panchayat for health camps.



## 5. Expectations from MIDC - Summary of 194 responses

- Request for better infrastructure. Make land available in MIDC at lesser rates to boost investments.
- Screening stations in all industrial areas. Ambulances and temporary hospitals in all Industrial areas.
- Relief of three months on payment of property taxes.
- Organised network for setting up new units, and setting up network for takeovers/mergers/acquisition of defunct units in MIDC
- Bring Gram Panchayat tax under MIDC purview. Bring in a scheme for regularisation of old dues for companies. Also reduce the stamp duties. Increase the commercial usage of MIDC plots. Allow resident labour in the factory premises. Reduce the extra water charges recently levied. Reduce the CEPT charges.
- Road conditions continue to remain poor even after tax collection. There is no drainage facility in spite of paying drainage cess.
- Request to take back land from organizations not fulfilling the allotment conditions. Stop trading of land and commercial use of industrial land without paying the difference amount.
- For small companies like proprietorship units, MIDC should provide subsidized plots and electricity services.
- Environment Charges should be withdrawn and charges already collected must be refunded.
- Allow small scale industries to prepare few residences for employees inside the campus, so that in future during lockdown the industries with minimal internal workforce can be allowed to run. Also there should be a hospital as an amenity in all industrial zones within 1 km from each industry in the premise.

- Need place for women entrepreneurs in MIDC.
- Increase number of MIDCs, reduce land costs, make available plots of size 20 sq. ft. to 1 acre.
- Water Bill should be discounted by 50% for next 6 months
- Remove all unauthorized encroachments on MIDC roads and plots.
- Disposal of garbage and providing underground drainage.
- For MSMEs, plots should be near to city and with affordable prices.
- MIDC must conduct as many seminars and conferences as possible to promote Lean Manufacturing Competitiveness Scheme (LMCS)
- Water charges should be discounted and units must be given a period of 4 to 5 months without penalty.
- Cluster facilities should be made available.
- Provide some data regarding man power availability of shop floor workers.
- There should be transparency in office and land allotments.



## 6. Expectations from MSEDCL – Summary from 244 responses

- Waiver of fixed / demand charges needed for lockdown period.
- No minimum fees. Charge for what we use. Guarding against voltage spikes. Reliable power supply.
- Uninterrupted electricity with penalty to MSEDCL if supply fails. Electricity bill calculations should be easy i.e. number of units multiplied by a fixed rate. No load shedding. Immediate industrial connection must be provided without too much paperwork.
- No minimum charges should be applicable for 3 months. Bill only for actual usage.
- Roll back all additional charges levied on the customer for the leakages and theft of electricity.
- Reduction in rates of electricity, reduction in minimum charges levied as they have enormously increased.
- Give 24 X 7 electricity to industries which are in small villages.
- Stop un-announced power cuts.
- Provide uninterrupted power supply. Transparency in billing / no hidden costs. Timely Resolution of any complaints raised. Timely maintenance of distribution system at the cost of MSEDCL.
- Perform all maintenance services right now before the start of monsoon.
- Stop power cuts / load shedding on Thursdays.
- 50% Tariff Reduction for 6 months.
- Should assure uninterrupted power supply 24x7 throughout for the next 3 to 4 months so that one can cover up for lost days due to lockdown.

- Please reduce the charges for the commercial meter. It is very difficult to manage for a small business. We have to pay rent, electricity, labour and many more overheads. After all these expenses there is no saving. Payments are also delayed by the customer; this is how a small business dies.
- First 100 units should be free for micro-sized firms. Provide 100% subsidy for Solar Installation.
- Electricity rates must be cut down considerably. It costs around Rs 13 to 14 per unit for commercial use right now. Issue immediate permissions and sanctions to rooftop solar projects.
- Electricity bill rates should be revisited. During summers the electricity charges get doubled which adds lot of burden on working capital.
- MSEDCL can carry out AOH (Annual Overhaul), COH (Captive Overhauls), so that they can be efficient when industrial activity resumes.
- MSEDCL should stop power theft and leakages so that MSMEs don't have to bear the burden of higher costs.
- Pro-rata reduction in Demand Charges. It becomes difficult to maintain PF during shutdown due to Transformer losses, so this should be duly compensated.
- Should charge low rates and collect power bills quarterly for first six months.
- Removal of Fixed Charges for 1 year period. Also no increase in power costs (including FAC) for at least 3 years. Reduced power tariffs for all affected sectors. Deferment of dates of electricity bills for 3 months till 30<sup>th</sup> June.
- Reduce the electricity per unit cost. Focus more on electricity theft than on regular payers.
- Hassle free process for getting connection. Low charges on installation and meter rent.

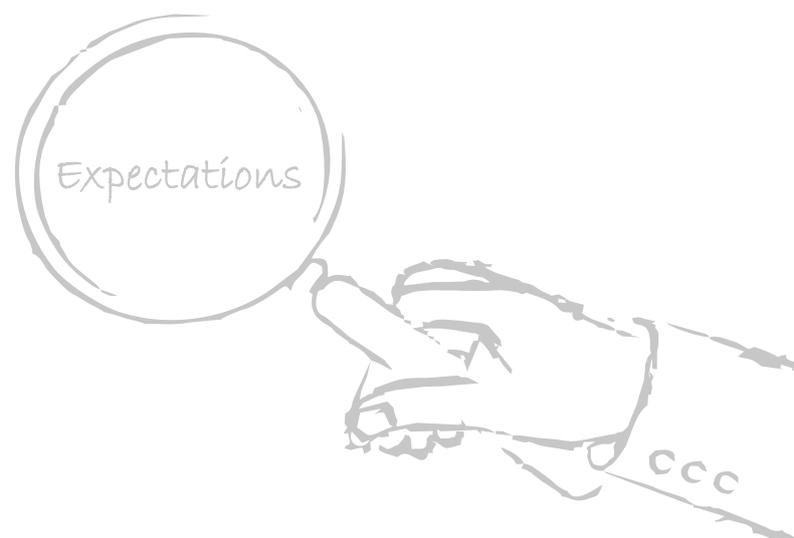
- Allow more solar projects.
- They should waive off the bills for closed units during the lockdown period. Even the rentals should not be charged.



## • **7. Expectations from Municipal Corporations - Summary from 193 responses**

- Lower property tax by 50% for 1 year.
- Provide clean drinking water and sanitized public transportation for our employees.
- Sanitization of all the areas in future after opening of lockdown, supplying sanitization kits free of cost to all.
- Cleanliness, medical facilities, good roads.
- Cleanliness drive to be made effective. People should be penalised for making their areas dirty.
- Gram Panchayat should cooperate in streamlining operations after lockdown.
- Arrange garbage disposal facility in MIDC
- For units in MIDC where the municipal corporation provides no service, taxes have yet to be paid to the corporation. This should be waived off.
- Stop collecting taxes without giving services.
- Reduce taxation for working industry. Provide good roads and infrastructure.
- Allow more dedicated buses from city to industrial zones.
- Regular spraying of disinfectants necessary.
- Provide proper congestion free / pot hole free roads with proper drainage system. Efficient waste disposal system. Clean and sufficient drinking water.
- Ensure continuous availability of fresh water, garbage disposal and better infrastructure for commuting to MIDCs.

- Good Garbage facility should be provided to every company. Garbage Bins must be provided for each company and for every five companies, one big garbage tank should be placed. Also tree plantation is required in the industrial area.
- In spite of paying taxes regularly still companies face issues of garbage, water, proper internal road, fire stations etc.
- Complaints should be attended to on the same day about Waste and Dust Debris removal. Cleanliness and maintenance should be given a priority. All repairs should be taken care of, during the lockdown. Carry out road repairs of busy roads, because this is the only time there is no traffic.
- Requirement of limited Documentation for any given facility or Scheme.
- Should keep strengthening health initiatives, drinking water and transportation not only in municipal areas but also to nearby villages having industries in Gram Panchayat areas.
- Create some special clusters for small business in municipal areas. Should have less paper work and the decisions should be fast without harassment.



## 8. Suggestions on Import and Export Policies to be adopted by the Government to provide relief to the MSMEs – Summary of 174 responses

- Processing of EPCG trade to be expedited. Export packing credit should be at a low rate of interest of 5%.
- Online web portal would help where all leads related to export could be posted for the benefit of MSMEs in remote areas.
- Refund against export should be faster or self-declaration for exports, so that no taxes are applied on inputs.
- Price fixation for CFS, handling charges. Zero tolerance to corruption and quick documentation for release of materials.
- Export schemes on duty drawback which were suspended from 1st January, 2020 should be restarted for the Service Industry. There should be a platform where government organizations play an important role for getting work from other countries.
- Export benefits to be increased for a period of one or two years to improve the business sentiment for the MSMEs.
- Should not charge demurrage charges for 14 days cooling period.
- Increase Import duties heavily on Chinese product to make Made in India economical.
- For MSMEs who are into exports, booster package of 5-7% accelerated fund support on the same day of shipping bill is advisable. Evaluation and closing like BL and BRC can be within 1 year of the invoice date. This will give a relief to the exporter.
- Imports and container clearance should be simplified. Import duties to be allowed to be paid in parts, but full goods to be released at least till March 2021.

- Not charge demurrage for import consignment stuck or delayed due to lockout in customs. Reduce the customs duty by 50% for 12 months.
- After importing any raw material, finished goods, capital equipment, the import duty should be inclusive of clearing charges and also include loading on importers vehicle.
- There should be a separate department which can suggest what can be imported and exported.
- Training to Farmers that would empower them to move towards exports.
- Increase the MEIS percentages. Fix the forex for customs for 1 month instead of regular volatility. This will give stable and accurate pricing offers.
- Increase in duty drawbacks and immediate refund of GST and CGST.
- Easy export policy and better product sanitisation at port of despatch so that the country in which products imported, are safely accepted.



## 9. Other comments: We had a section of Free Comments. Summary of 290 responses

- Government at this hour should not worry about the fiscal deficit. Faster the Government revives MSMEs faster the economy gets back on track.
- Increase CC limit to 40 - 50% of last years' turnover instead of 20% as of now - because there is a sudden impact on cash flow due to this disruption.
- Remove all encroachment and the Tapris from outside the companies gate specially Hinjewadi MIDC phase - 3 area.
- Textile is going to be in bad shape so special economic revival package would be helpful to survive for the next 6 months.
- Income tax holiday should be declared for micro and small scale industries.
- The State Government should not turn a blind eye to the so called mechanism of pocketing money under the names of various forceful contracts and Mathadi.
- Lift lockdown at the earliest.
- Remove Professional Tax.
- MSEDCL demands MPCB consent from Non Polluting Industries also along with Udyogdhande Parwana from Municipal Corporations. These should be waived.
- Any scheme that the Government introduces needs to have single form application. Request to reduce paper work or schemes that involve going from one department to other.
- There should be certain efforts from the Government to compensate the MSME sector of losses due to non-receipt of payment, the burden of the salary and wages, fixed expenses like rent, interest etc.
- Onus of all inventories, development and cost reduction is on MSMEs with no consideration from OEMS / Large Companies.
- Banks have to co-operate and should align to demands from MSMEs since procedural issues are affecting MSMEs in a big way.

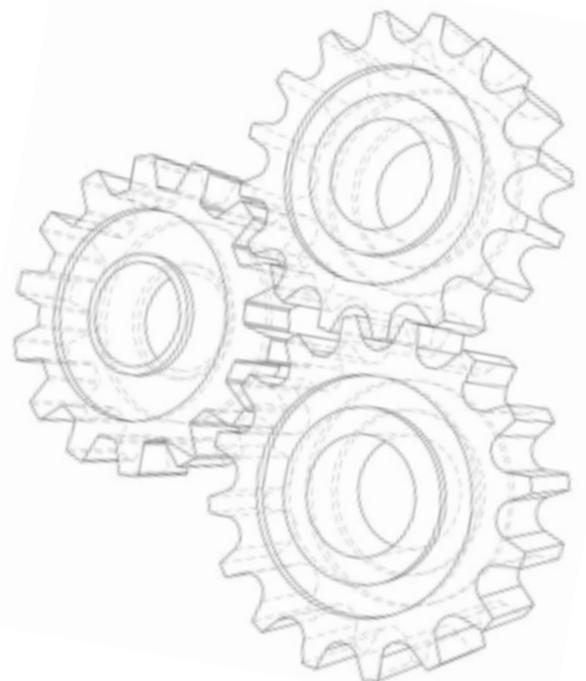
- The LED light trollers are killing all the small fish which are of no use, due to which there won't be many fish in the future. Small fisherman cannot go deep into the sea. These trollers attract all the fish with LED so small fisherman does not get any catch.
- Reduce taxes, increase government spending and increase fiscal stimulus.
- labour laws need to be changed to compete with China.
- We want banking system to be very flexible with small enterprises by providing funds so that we will look at generating jobs.
- RBI needs to put hold on implementation of SARFAESI Act for one year otherwise many units (upto 5 cr loans) will be under lot of stress from banks.



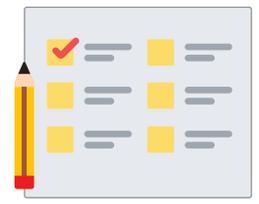
## 10. Steps initiated by MSMEs to keep the morale high of the workforce

- Regular conversations. Regular 15 minutes video meetings.
- Keeping them engaged in remote tasks.
- Training programs.
- By discussing future plans of the company.
- Paying full salaries and accommodation.
- By keeping everyone updated about the events.
- Hope and motivation.
- Encourage the team by explaining them that this is a temporary problem.
- Supporting them by giving monetary assistance, provided hand gloves and sanitiser before lockdown. Need based communication to stay safe.
- By engaging them in routine IT software Tasks besides developing prototypes for future and imparting training on new platforms.
- Continuous communication, e assignments, helping them to complete the assignments work from home, boosting them for online courses for their knowledge upgradation, involving them in suggesting ideas / Kaizens.
- General reviews, upgradation techniques, existing orders in hand, meetings on calls, Health care and hygiene tips.
- Motivating them to learn new skills and use the lockdown in an optimal way for personal development as well.
- Daily Zoom video calls, daily work reporting by individuals, continuous monitoring.
- Paid salaries in advance and are assuring our people of full support.
- A few motivational lectures giving the links on WA.

- Regular communication on the team group. Share health and creativity tips on the group. Spread encouragement and positivity.
- Engagement through various trainings and planning webinars for clients.
- Supporting them by giving monetary assistance, provided hand gloves and sanitiser before lockdown. Need based communication to stay safe.
- By engaging them in our routine IT software Tasks besides developing prototypes for future and imparting training on new platforms.
- Engaging them in their personal goals as well as up gradation of their professional skills by online trainings.
- Have started an activity to create Lock Down memories. This activity was a big hit.



# The Questionnaire



Mahratta Chamber of Commerce, Industries and Agriculture undertook a Study to understand the current condition of MSMEs.

Feedback was requested from the MSMEs in the light of the current pandemic COVID-19 to facilitate appropriate representations to the Government for the benefit of the MSMEs.

The survey will facilitate appropriate policy measures for future strengthening of the MSMEs.

## **MSME Survey in the light of the current pandemic COVID-19**

Feedback from MSMEs in the light of the current pandemic COVID-19 to facilitate appropriate representations to the Government for the benefit of MSMEs

### **Employee Strength:**

### **Turnover in last year (in Lakhs):**

- Less than 25 Lakhs
- 25 to 50 Lakhs
- 50 Lakhs to 1 crore
- 1 crore to 50 crores
- 50 crores to 100 crores
- Above 100 crores

### **Type of Enterprise:**

- Micro
- Small
- Medium

### **Category of Enterprise (to select only one option):**

- Manufacturing
- Service
- Both

## **Nature of Business (check box, multiple selections possible):**

- Have own product
- Part of Supply Chain of OEMs
- Job Work

## **Current Challenges**

### **1. Main Challenges Faced during Lock down:**

- Inventory
- Incomplete Orders
- Lack of Transportation
- Fear of Future Business
- Others

### **2. How are you keeping in touch with your workforce at the moment?**

- Not in touch
- Telephone
- E-mail
- Labour has migrated back
- Social Media
- Any other

### **3. How are you keeping morale high of the workforce?**

## Impact on Business

### **4. What will be the impact on your firm's turnover and profits in 2020-21?**

- Extremely high
- Very high
- Moderate (Acceptable)
- None
- Other

### **5. Will you be cutting down on your labour force post pandemic COVID- 19**

- Yes
- No
- Don't Know

### **6. Will you be cutting down the salaries/wages of the staff/workers post pandemic COVID- 19**

- Yes
- No
- Don't Know

### **7. Will you be cutting down the salaries/wages of the staff/workers post pandemic COVID- 19**

- Extremely high
- Very high
- Moderate (Acceptable)
- None

## **8. Do you foresee economic slowdown in 2020-2021?**

- Acute slowdown
- Moderate slowdown
- Minor slowdown
- No slowdown
- Economic growth

## **9. What is the likely impact on your business post lockdown?**

- Reduction in orders from customers
- Increase in orders from customers
- No change in the order quantum
- Cost reduction demands from customers
- No cost reduction demands from customers

## **10. What is the exposure to the risk of Payments from Customers – trade receivables?**

- Extremely high
- Very high
- Moderate (Acceptable)
- None

## **11. What is the expected impact on your organization of the recent act not allowing to reduce the salary to employees and workers?**

- Extremely high
- Very high
- Moderate (Acceptable)
- None

**12. What are your suggestions on PF & ESI ?**

**13. Is moratorium on collection of loan installments and interest useful to your organization?**

- Yes
- No
- Don't Know

**14. If NO, please explain the reasons and also suggest further remedial actions.**

**15. What are your expectations from the Ministry of MSME?**

**16. What are your expectations from GST regime?**

**17. What are your expectations from the State Government?**

**18. What are your expectations from MIDC?**

**19. What are your expectations from MSEDCL?**

**20. What are your expectations from Municipal Corporations?**

**21. What are your suggestions on Import and Export Policies to be adopted by the Government to provide relief to the MSMEs?**

**22. Are you receiving payments from your customers during this current lockdown period?**

- Yes
- No
- Partly

**23. Are you making payments to your suppliers during this lockdown period?**

- Yes
- No
- Partly

The Indian Express

Future business, cash flow top concerns of MSMEs: Survey

EXPRESS NEWS SERVICE  
PUNE, APRIL 10

POOR CASH flow and fear of lack of future business are among the top two concerns of the Micro, Small and Medium Enterprises (MSMEs) in Pune region. According to a survey conducted recently by the Maharashtra Chamber of Commerce Industries and Agriculture (MCCIA), nearly 40 per cent of respondents were unsure on whether they would be reducing salaries of their employees.

The survey, results of which were made public on Friday, had seen participation of 398 companies (231 manufacturing and 166 services companies).

Prashant Girbane, director general of the MCCIA, said the survey gauged the sentiments of companies during the lockdown. "The survey showed 95 per cent respondents rate cash flow and fear of future business as the top two concerns. Importantly, 45 per cent of them expressed confidence that they would not cut salaries of their employees, while 40 per cent were uncertain about it. The survey also saw 64 per cent

of respondents worried about impending reduction in orders while 23 per cent have already started feeling the pinch," Girbane said. "Most MSMEs have accounted for salaries and wages to be paid until April 14, when the nationwide lockdown is supposed to end. However, they are uncertain about it thereafter. As many as 77 per cent of respondents believe their trade receivables are under high risk," the survey stated.

Pradeep Bhargava, president of MCCIA, said they have shared the concerns of the companies with both the state and central government. "A list of suggestions has been shared to help the industries during these trying times. One of the top suggestions to the Centre was extension of cash credit limit to the sector by 20 per cent without demanding any extra documentation. Similarly, the government dues to the MSMEs are estimated to be around Rs 1 lakh crore, which needs to be released immediately," Bhargava said.

The MCCIA has also asked the government to take the liability of provident fund for the employees for the first quarter of the 2020-21 financial year.

Maharashtra Times

सोने (प्रति १० ग्रॅम)		
शुद्ध	४५,२०९/-	
स्टॅण्डर्ड	४५,०४०/-	
चांदी ४२,३२०/- किलो		
चलन विनिमय दर		
युरो	डॉलर	पॉंड
८३.०५	७६.०६	९४.९३
सेन्सेक्स : २९,८९३.९६		

काही बँका त्यामुळे झालेले लाभ ग्राहकांपर्यंत पोहोचवित नाहीत, अशा स्थितीत या उद्योगांनी घेतलेल्या कर्जावर कमी व्याज दर आकारणी करावी, असे आदेश रिझर्व्ह बँकेने बँकांना द्यावेत.

- एमएसईडीसीएलने इलेक्ट्रीक ड्युटी फिक्स्ड चार्जेस आणि डिमांड चार्जेस मार्चपासून घेऊ नयेत, एमआयडीसीने पाणी आणि इतर बाबींची बिले पुढील तीन महिने घेऊ नयेत. या उद्योगांकडून पुढील तीन महिन्यांसाठी स्थानिक स्वराज्य संस्थांनी मालमता कर घेऊ नये.

Sakal

केंद्र, राज्य सरकारने तातडीने मदत करावी  
लघु आणि मध्यम उद्योगांची 'मराठा चेंबर'मार्फत मागणी



- लघु आणि मध्यम उद्योगांच्या अडथळ्यां**
- घुसरा घडामा 'वेग फॉर' (वेग मर्यादा) काय लागवण ?
  - ५० टक्के उद्योगीय बंधनकारकता वेळाने अडथळी ठरते आहे. यामुळे ५० टक्के उद्योगीय पुढील-मासाला उद्योगीयता आहे.
  - ८८ टक्के लघु आणि मध्यम उद्योगांच्या मालमत्ता कमी होत आहे. जरी वेळीस वेळी १० टक्के वाढवण्यात येते तरी मालमत्ता कमी होत आहे.
  - मालमत्ता कमी होण्यामुळे वेळीस वेळीस उद्योगीयता कमी होत आहे.
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Loksatta

सूक्ष्म, लघु आणि मध्यम उद्योगांना सवलती देण्याची 'एमसीसीआय'ची मागणी

लोकसत्ता प्रतिनिधी

पुणे : संघराज्येतील सूक्ष्म, लघु व मध्यम उद्योग अडथळ्यांमुळे वेळीस वेळीस उद्योगीयता कमी होत आहे. यामुळे ५० टक्के उद्योगीय पुढील-मासाला उद्योगीयता आहे. ८८ टक्के लघु आणि मध्यम उद्योगांच्या मालमत्ता कमी होत आहे. जरी वेळीस वेळीस १० टक्के वाढवण्यात येते तरी मालमत्ता कमी होत आहे. मालमत्ता कमी होण्यामुळे वेळीस वेळीस उद्योगीयता कमी होत आहे.

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पुणे : संघराज्येतील सूक्ष्म, लघु व मध्यम उद्योग अडथळ्यांमुळे वेळीस वेळीस उद्योगीयता कमी होत आहे. यामुळे ५० टक्के उद्योगीय पुढील-मासाला उद्योगीयता आहे. ८८ टक्के लघु आणि मध्यम उद्योगांच्या मालमत्ता कमी होत आहे. जरी वेळीस वेळीस १० टक्के वाढवण्यात येते तरी मालमत्ता कमी होत आहे. मालमत्ता कमी होण्यामुळे वेळीस वेळीस उद्योगीयता कमी होत आहे.





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