

**Sambhram Academy of Management Studies**

**School of Management**

**Virtual International Conference on “Economic Advocacy for Micro, Small and Medium Enterprises (MSMEs) Post Covid 19”// September 26, 2021**

**The Report**

The Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. They are widening their domain across sectors of the economy producing diverse range of products and services to meet demands of domestic as well as global markets; are particularly exposed to the COVID-19 pandemic economic impact because of limited financial resources and borrowing capacity, and their disproportionate presence in economic sectors affected by social distancing measures and transport disruptions. MSMEs are also particularly exposed to trade restrictions on agricultural products and are among those facing some of the greatest economic difficulties from COVID-19.

Having this above back thrust, we planned this Conference; Prof K.C. Mishra, Principal of the Institute kick-started the Conference inviting all Galaxy of Guests and participants to take active participation in the day-long deliberations. With Virtual Lighting of the Lamp followed by in-vocational Classical Dance, Prof Mishra gave introductory note on MSMEs and its contribution to the economy during Covid-19 and also expressed that this burning situation gave a thought for organizing this Sixth International Conference in series by the School of Management. He gave a rousing welcome to the audience of the Conference on behalf of Sambhram Academy of Management Studies, School of Management.

**Hundreds of attendees, paper presenters, students have benefited in many ways from this Conference. More than 25 research papers were presented by authors from various countries. Speakers from different countries addressed to the audience and deliberated on the topic meticulously.**

Ms. Rema Narayanswamy introduced Prof Dr. Zuraidah Sanusi, Director, Institute of Leadership Development, University Technology, Malaysia and welcomed her to deliver the Theme Address. Prof Zuraidah Sanusi thanking School of Management for giving her the opportunity started her presentation on “**Business & Economic Challenges Post Covid 19: Promoting Greater Resilience in SMEs**”. She gave an outlook of world of business due to Covid – 19 and said Covid had affected all the developed and developing economies. It not only affected the industry but also changed the culture. MSMEs are backbone of Malaysia which covers 98.5% business establishments. They rely a lot on SMEs and has contributed 38.9% share to GDP, 17.9% share to exports and 48.4% share to employment in Malaysia. MSMEs in agriculture industry had to face lot of challenges during Covid -19.

Ms. Arpita introduced the Chief Guest Mr. Niraj K Verma, Chief General Manger, NABARD, Karnataka Regional Office, Bangalore, India and invited him to deliver the Key Note Address. Mr. Verma deliberated on the importance of MSMEs to Indian Economy and also highlighted about its shortcomings in context of Indian Economy. MSMEs account for 95% share in Indian Economy and provide employment to 110 million people. Many enterprises had to down their shutters permanently or temporarily reduced the labor force while coping with closure. This had a cascading effect on supply chain, labor availability and economy itself is slowed-down. The reverse migration had started due to Covid- 19 and hit all payments like wage, salary, income tax, interest rate everything. There is disruption at global level: largely hit exports, order cancellation and buyers not clearing their dues; on the other side several changes in demand side also aggravated the scenario. There is one aspect of MSME which can not be ignored that MSMEs are the highest employment generators with lowest capital output ratio which must be taken into account and if India has to grow and hope for scaling up business operations, it needs better market linkages as well as should also focus on reducing the production cost.

The Government of India should focus on development of MSME clusters for resource optimization and policy framework with regard to food processing, textiles, electronic and farm products. The Uttar Pradesh Government has come out with “**One District One Product**” for MSME sector and now all attempts are being made to replicate the same in other States too and States are also giving

importance for cluster development approach. It has also come out with distinct schemes like Guaranteed Trust Fund on Micro and Small Firms, Credit-Link Capital Subsidies for Technology Up-Gradation; Micro and Small cluster development scheme for fund generation of traditional industries and scheme for promotion of innovation, rural industries and entrepreneurship. Government also has recently launched PLI scheme (Production Linked Incentive) which will help the country to become **Manufacturing Hub** in the World. The Government and all the stake holders are trying to strengthen the accessibility of institutional charter for the MSME sector.

Recently Indian Government announced the inclusion of retail and wholesale trade with MSMEs to strengthen the sector. Khadi and Village Industries Commission have secured trade mark registration in three countries namely: Mexico, UAE and Bhutan so that its brands can be recognized globally and Government of India allocates funds to boost this sector expecting rapid growth in future. NABARD which is an apex organization for ensuring credit flow to rural areas is trying to encourage the rural people to set-up hall for producer companies. It has also launched various skill development programs so that rural and urban gap can be bridged. Further, it is intensifying its efforts for GI (Global Intelligence) and also arranging exhibitions for supporting the exports of MSME sector.

NABARD has started supporting the rural Business incubation centers for both farm & non-farm sectors in different States of India to achieve the trillion dollar growth. India needs to ensure that MSMEs should have a capacity as key employment generator as well as key contributor in the GDP; academic institutions have to play a major role by giving more thrust on Research and Development in MSME sector.

Ms. Suhani welcomed and introduced the Guest of Honor Mr. G.R Akadas, Director, IEDS, MSME Development Institute, Ministry of MSMEs, Government of India, Bangalore to the audience to Special Address on the occasion. Mr. Akadas said Champions Portal was started for MSMEs development as soon as the pandemic started through which the department has set a mechanism to solve the problems faced by MSMEs within 24 hours. He also briefed about the delayed payments act in MSMEs. There is a shortfall of skilled labor in the market and the Government is focusing to train labors through various NGOs and institutions.

Government is selecting some clusters and turning them into apprenticeship training centers which are already happening in Karnataka with the help of Ministry of Skill Development. Many of the Banks like Canara Bank are in the fore front of Karnataka who are restructuring the loans and credit facilities. Another thing which is going strong during pandemic is **Atmanirbhar Bharth (Self Reliant India) and also 'Make In India'** concept under the patronage of Government of India. He also focused on reducing imports for giving momentum to Make in India. Our focus should be on such items which can be manufactured in India so that imports can be reduced. Government of India has constituted the MSME Committee to promote Agro-Food based Clusters and the Committees supposed to identify and promote these clusters because it is observed that there is a good demand for Agro and Food based products. **“Zero effect, Zero defect”** scheme and Digital MSMEs scheme is also under the pipeline for reducing stress level of MSME Sector.

E-Release of Conference was taken up by Prof Mishra followed by a Video Presentation about Sambhram Group of Institutions. Dr V Nagaraj, Chairman of Sambhram Group then delivered his Presidential Address highlighting Covid 19 impact on Business and Industry. He urged the International Academia to churn on this topic and bring the best as Conference Declaration.

Later Panel Discussion started on the topic “Measure to Strengthen the Capacity and Resilience of MSMEs in Mitigating the Adverse Impact of Covid 19 Pandemic”. Prof Rema Narayanswamy then introduced the Session Chairperson Prof. Kaklali Mukhopadhyay, Professor, Gokhale Institute of Politics and Economics, Pune and Adjunct Professor and Senior Fellow, Department of Agricultural Sciences, McGill University, Montreal, Canada; other panelists were Prof Arup Mitra, Professor, Institute of Economic Growth, New Delhi and Dr. Bimal Kishore Sahoo, Department of Humanities and Social Sciences, Indian Institute of Technology, Kharagpur, India

Professor Kakali Mukhopadhyaya at the outset briefed about all the panelists and led the discussion; she gave overview of the topic and touched upon the Atamanirbhar Package. She also observed the growth of MSMEs over the years while there is stability in the employment generated and sustained growth. Its contribution to GDP and manufacturing output has continued to decline over the

past ten years leading to decline in productivity levels primarily in the micro enterprises because of lack of options having access to finance, leading to lower efficiency and global competitiveness. She presented her scholarly work on the Impact of Covid on MSMEs. Export oriented MSMEs were impacted relatively higher because of their focus on concentrated market with less scope for diversification. MSMEs hiring more migrant workers as the effect of reverse migration, during the pandemic brought the businesses to a standstill situation. She further emphasized on the problems of reverse migration, digitalization and informal credit sources have created issues of working capital; declining industrial performance in the year 2020. The main MSME sector such as food product, chemicals, textiles and plastics experienced negative trends during the lockdown months. Overall, Gems and Jewellery segment was the worst hit where as overall textile industry was negatively impacted across various segment in 2020.

Professor Kakali also deliberated on the MSMEs relief measures by Asian Countries on the Asian Perspective, various Asian countries launched relief packages and Atamnirbhar Packages announced in May 2020 by Government of India which is a special and comprehensive package of Rs. 20 lakh crores equivalent of 10% of GDP. In this package 3.7 lakh crores was dedicated towards MSMEs as Covid -19 relief measures; Atamnirbhar Package 2.0 and 3.0 were also announced in October and November, 2020 respectively. She has written a book titled “**Liquidity Infusion: An Assessment of Atmanirbhar Package Using E-3 Model**” and provided prospective solutions thus gave the way forward.

The next panelist Professor Arup Mitra shared his findings on informal sector and began by reflecting concerns in context of large scale manufacturing which will help us in contextualizing the role of MSMEs appropriately. He presented the relationship between productivity and employment and how the capital intensive technology growing very fast. The rising capital labor ratio means that each job creation becomes more capital expensive. He pointed out how innovation and skill intensity usually go together; hence, even if innovation is not always labor displacing it benefits only those who are relatively in short supply. This tends to indicate that wages inequality is likely to increase in the process of innovation and increased trade.

He put forth his worry about the effect of import of technology on a specific lot of labor force which is quite negative and it leads to huge employment loss thus predicted the possibilities of simultaneous growth of large scale and MSMEs. He threw light upon “The Comprehension Theory” of Vivarelli which points out that technological employment is a temporary phenomenon. Great deal of information is required to be delivered to the MSME Sector and gave the example of China in this regard and also presented the effect of process innovation and product innovation on employability. There is a huge need of productivity improvement and we cannot talk about raising the wages without talking about productivity enhancement. Alongside of technological up-gradation it is important to provide on-the-job training so occupational flexibility also can be provided resulting labors will be well-equipped to work in variety of industries and these entrepreneurial trainings are really going to motivate youth of the nation. It is very important to understand the requirement of credit and marketing assistance of these units and these units are often suffering with financial crunch. Export possibility and exploration of new market is very important particularly where India is having huge export market and has also raised concern of productive labor absorption.

Prof B K Sahoo the last panelist shared data on firm size and employment distribution in small firms. He said probably we are romanticizing that small is beautiful in terms of MSMEs. He shared database that female firm owners are more prevalent in agriculture and manufacturing as compared to retail, services and infrastructure. Financial problems are the most important constraints for unincorporated Non-Agricultural Enterprises (excluding construction) and mentioned the concept of pseudo wages. Policymakers should consider all constraints and facilitate the growth of MSMEs.

After the close of the panel discussion, research papers were presented by the participants from various Colleges and Universities across the globe in two simultaneous tracks. Paper Presentation Track-One was coordinated by Prof Rema Narayanswamy and Track-Two by Prof Arpita Sastri; twenty five participants across the globe presented their research papers on various topics like Digital Transformation, Make in India and also shared prospects and challenges of MSMEs.

Dr. Smitha N S proposed vote of thanks to all the dignitaries and participants on behalf of Sambhram Academy of Management Studies. Prof Mishra in his closing remark remained grateful to all the speakers of the day and desired the same kind of cooperation in future and the program ended with a strong positive note.

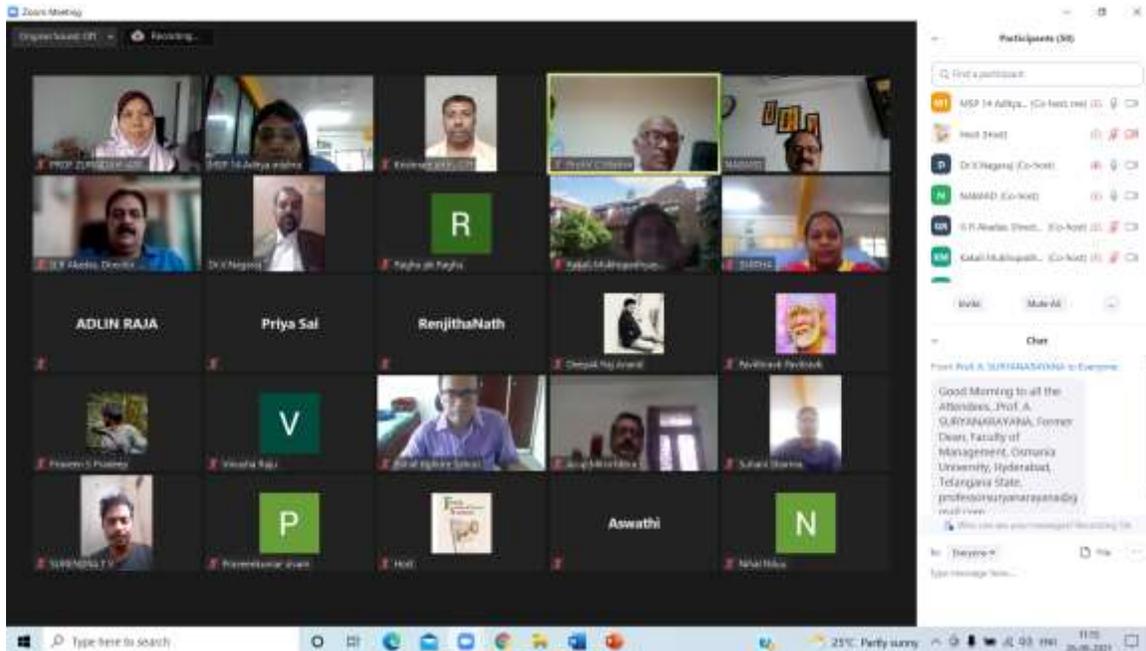
### Conference Declaration

There is an emergent need to implement adequate reforms for the MSME sector to solve the pressing challenges and simply providing a stimulus package may not be affective.

NGOs are in need of financial support to survive and the Government need to support them both financially and psychologically to boost their performance which also triggers societal benefit to a great extent

Government should focus on policy making on “Ease of Doing Business” and parity between online and offline trade and commerce should be maintained so that both coexist

The implementing mechanism should be strengthened to see that the relief measures of the Government should reach the beneficiaries of informal sector



Zoom Meeting

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Participants (48)

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Chat

From Prof. A. SURYANARAYANA to everyone

Good Morning to all the Attendees... Prof. A. SURYANARAYANA, Former Dean, Faculty of Management, Osmania University, Hyderabad, Telangana State. professorsuryanarayana@mgm.ac.in

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International Conference on  
**ECONOMIC ADVOCACY FOR  
 MICRO, SMALL AND MEDIUM  
 ENTERPRISES (MSMEs)  
 POST COVID-19**

September 26, 2021  
**CONFERENCE PROCEEDINGS**

Editor-in-Chief  
 Prof. K.C. Mishra

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Participants (48)

MSP 14 Aditya... | Krishnamurthy... | Prof K C Mishra | Kakali Mukhopa... | G

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# OVERVIEW

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**MSME Growth rate**

Share of MSME in GDP (manufacturing) (%)

Employment (in million)

Share of MSME in manufacturing output (in %)

Source: Ministry of MSME, Government of India.

### GROWTH OF MSME OVER THE YEARS

- While there is stability in the employment generated and sustained by MSMEs, its contribution to GDP and manufacturing output has continued to decline over the past ten years.
- This is a result of **decline in productivity** levels primarily in the micro enterprises because of **lack of options for access to finance leading to lower efficiency and global competitiveness** (Bhattacharya, 2020).

MSP 14 Aditya...

Krishnamurthy...

Prof K C Mishra

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Prof. A. SURYA...

# TOP ENTERPRISES IN MSME SECTOR

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**Share of MSME sectors of the total MSME enterprises (%)**

- Manufacture of metal products (14.4%)
- Manufacture of food products & beverages (13.4%)
- Other services (12.4%)
- Manufacture of leather (11.4%)
- Textile and allied products (10.4%)
- Manufacture of plastic products (9.4%)
- Manufacture of wood products & allied products (8.4%)
- Other (7.4%)

Source: Ministry of MSME, Government of India.

In July 2021, the government through notification allowed wholesale and retail trade to be registered as MSMEs in India (Prasad, 2021).

This was an important initiative since the services were also severely affected due to COVID-19 pandemic and now can avail financial support from the government as provided for MSME sector.

MSP 14 Aditya...

Krishnamurthy...

Prof K C Mishra

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Prof. A. SURYA...

**Participants (48)**

Find a participant

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- Host (46/48)
- Kakul Mallick... (Co-host) [Mute] [Unmute] [Close]
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- ADITHYAN KASHI [Mute] [Unmute] [Close]

**Chat**

From Prof. A. SURYANARAYANA to everyone

Good Morning to all the Attendees... Prof. A. SURYANARAYANA, Former Dean, Faculty of Management, Osmania University, Hyderabad, Telangana State. professorsuryanarayana@osmania.edu

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Participants (17)

- Dr. Sneha
- Harshad Nandori
- Nimble O J
- Dr. Sneha

Chat

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Presenting

## MSME AND IT'S EFFECTIVENESS IN MAKE IN INDIA

- MSME is a well-known manufacturer of consumer goods, electronic and electrical appliances, medicines, and pharmaceuticals
- According to the Micro, Small and Medium Enterprises Development Act, 2006, MSMEs are classified based on their investment in plants, machinery, and equipment for providing services and manufacturing goods (ministry of MSME, 2020)
- The focused factors are Infrastructure, electricity, Increasing Labour productivity, Fewer Pollution problems, Low Raw material cost, Low Labour cost, Availability of productive Technology, Easy availability of Skilled labor, Ease in the availability of Finance/credit, Low cost of Training, Extended Government support
- By focusing on these factors in the Make in India scheme Government of India massively upholds the MSME sectors

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Prof K C Mishra

MSP 14 Aditya...

Prof. A. SURYA...

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