



AIR Discussions (July 1st Week)

AIR SPOTLIGHT: INCLUSION OF RETAIL AND WHOLESALE TRADERS UNDER MSME

CONTEXT:

- Minister of MSME and Road Transport and Highways **announced revised guidelines for MSMEs with the inclusion of Retail and Wholesale trades as MSMEs. The Ministry also confirmed that the revised guidelines will benefit 2.5 Crore Retail and Wholesale Traders.**
- In the past, wholesale and retail trading activities were classified as MSMEs. But they were excluded in 2017 as they did not cater to manufacturing activity.

EXPANDING AMBIT

▶ **25 million retail and wholesale traders** to benefit from the revised guidelines

▶ **They will be eligible for finance** under priority sectors classified by RBI

▶ **Will not be eligible for any other benefits** that MSMEs can avail of

▶ **Some industry players have expressed concern that banks might prefer retail and wholesale traders** for lending as MSMEs, as they are less riskier than manufacturing MSMEs



BENEFITS OF THE MOVE:

- Retail and wholesale trade was left out of the ambit of MSME. So they were not able to get loans under priority sector lending. With the recent inclusion, they **will now be able to get the benefit of priority sector lending under RBI guidelines.**
- This will **enable traders to get access to capital that have been impacted greatly amid the COVID-19 pandemic.**
- This comes at a time when retail and wholesale traders have been facing severe liquidity crunch after sales were hit by the Covid-induced local lockdowns.
- According to a survey by Retailers Association of India (RAI), the **sector, dominated by which small traders, saw a 79 per cent contraction in monthly sales in May** compared to pre-Covid levels due to lockdown-like restrictions imposed by States to curb the pandemic's second wave.
- It will thus enable smaller retailers and traders to avail Resolution Framework for COVID-19-related stress announced by Reserve Bank of India.
- The move **will have an immediate impact on smaller retailers and wholesalers with businesses up to Rs 250 crore of turnover in availing immediate-term finance as part of various schemes announced under "Atmanirbhar Bharat" programme.**
- The decision **would help in the formalisation of the sector.**
- With the revised guidelines, the retail and wholesale trades **will now be allowed to register on Udyam Registration Portal.**
 - The Udyam portal provides a single-page registration, consumes less time, and simplifies the process of registering any enterprise under the MSME category.

CONCERNS WITH THE MOVE:

- Once retail and wholesale traders get included in the priority sector lending category under MSMEs, bankers may prefer them to give loans in the place of small manufacturing units. Thereby **increasing competition for the limited funds.**
- Further, some experts also suggest that **retail and wholesale traders who already have access to banking finance will corner all the benefits.**
- However, benefits to retail and wholesale trade MSMEs are to be restricted to priority sector lending only. This means that apart from getting the priority sector lending tag, **these traders will not get any other benefit that small businesses otherwise get from the government.**

MSMEs:

- As per International Council for Small Business, **formal and informal MSMEs male up to 90% of total firms, 70% of employment and 50% of world GDP.**
- **New definition of MSME**



Table-3: Changed Definition of MSMEs

Unit	Criterion	Old Definition	New Definition
Micro	Investment	Rs. 25 lakh	Rs. 1 crore
	Turnover	Rs. 10 lakh	Rs. 5 crore
Small	Investment	Rs. 5 crore	Rs. 10 crore
	Turnover	Rs. 2 crore	Rs. 50 crore
Medium	Investment	Rs. 10 crore	Rs. 50 crore
	Turnover	Rs. 5 crore	Rs. 250 crore

Source: Press Information Bureau, Gol, 1st June, 2020

- According to 2018-19 Annual Report of Department of MSMEs, there are **6.34 crore MSMEs in the country. Around 51 per cent of these are situated in rural India.**
- Together, they **employ a little over 11 crore people but 55 per cent of the employment happens in the urban MSMEs.**
- **99.5 per cent of all MSMEs fall in the micro category.**
- While micro enterprises are equally distributed over rural and urban India, small and medium ones are predominantly in urban India.
- The **five key aspects facilitates the MSME sector: Access to credit, Access to market, Technology upgradation, Ease of doing business, Social security for employees.**

Problems faced:

- **Most of them are not registered anywhere.** It also constrains a government's ability to help them.
- Related to this is possibly the single-biggest hurdle facing the MSMEs: **lack of financing.**
- Further, most of the MSME **funding comes from informal sources.**
- A key reason why banks dither from extending loans to MSMEs is the **high ratio of bad loans.**
- The other big issue plaguing the sector is the **delays in payments to MSMEs.**

Schemes for MSMEs:

Credit based Schemes	<ul style="list-style-type: none"> ▪ Prime Minister Employment Generation Programme ▪ Credit Guarantee Trust Fund for Micro & Small Enterprises (CGTMSE) ▪ Interest Subsidy Eligibility Certificate (ISEC)
Development of Khadi, Village and Coir Industries	<ul style="list-style-type: none"> ▪ Market Promotion & Development Scheme (MPDA) ▪ Revamped Scheme of Fund for Regeneration of Traditional Industries (SFURTI) ▪ Coir Vikas Yojana (CVY), Skill Upgradation & Mahila Coir Yojana (MCY) ▪ Coir Industry Technology Upgradation Scheme (CITUS) ▪ Export Market Promotion (EMP) ▪ Domestic Market Promotion Scheme (DMP)



Technology Upgradation and Quality Certification	<ul style="list-style-type: none"> ▪ Financial Support to MSMEs in ZED Certification Scheme ▪ A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE) ▪ National Manufacturing Competitiveness Programme (NMCP) ▪ Credit Linked Capital Subsidy for Technology Upgradation
Marketing Promotion Schemes	<ul style="list-style-type: none"> ▪ International Cooperation ▪ Marketing Assistance Scheme ▪ Procurement and Marketing Support Scheme (P&MS)
Entrepreneurship and skill Development	<ul style="list-style-type: none"> ▪ Entrepreneurship Skill Development Programme (ESDP) ▪ Assistance to Training Institutions (ATI)
Infrastructure Development Programme	<ul style="list-style-type: none"> ▪ Micro & Small Enterprises Cluster Development (MSE-CDP)
Aatma Nirbharat Package	<ul style="list-style-type: none"> ▪ Rs 3 lakh crore Emergency Working Capital Facility for Businesses ▪ Rs 20,000 crore Subordinate Debt for Stressed MSMEs ▪ Rs 50,000 crores equity infusion through MSME Fund of Funds ▪ e-market linkage for MSMEs will be promoted ▪ MSME receivables from Government and CPSEs will be released in 45 days ▪ No Global tenders for Government tenders of up to Rs 200 crores.
CHAMPIONS portal	<ul style="list-style-type: none"> ▪ The CHAMPIONS stands here for Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength. ▪ It is a technology driven Control Room-Cum-Management Information System which utilises modern information and communication technology (ICT) tool
Udyam Registration Portal	<ul style="list-style-type: none"> ▪ A person willing to establish as MSME shall file registration at the Udyam registration portal. ▪ The registration is based on self-declaration. ▪ Upon registration, the enterprise is provided with a unique number called the "Udyam Registration Number" ▪ Udyam Sakhi portal was launched for women entrepreneurs separately.

Prime Minister announced following 12 key initiatives for growth, expansion and facilitation of MSMEs:

1. Grant of loans up to Rs. 1 crore to MSMEs in just 59 minutes.
2. 2% interest subvention for all GST registered MSMEs, on fresh or incremental loans.
3. Companies with a turnover more than Rs. 500 crore, must now compulsorily be brought on TReDS.
4. Mandatory procurement of 20 per cent from MSMEs by Public Sector Undertakings has now been increased to 25 per cent.
5. 3% out of 25% procurement mandated from MSMEs must now be reserved for women entrepreneurs.
6. All public sector undertakings of the Union Government must now compulsorily be a part of Government e-Marketplace (GeM).
7. 20 hubs of technology upgradation will be formed across the country, and 100 spokes in the form of tool rooms will be established.
8. Clusters will be formed of pharma MSMEs. 70% cost of establishing these clusters will be borne by the Union Government.
9. The Return under 8 labour laws and 10 Union regulations must now be filed only once a year.
10. The establishments to be visited by an Inspector will be decided through a computerised random allotment.
11. Laws related to air pollution and water pollution have been merged as a single consent, return will be accepted through self-certification.
12. The entrepreneur will no longer have to approach the Courts, but can correct them through simple procedures.



PRIORITY SECTOR LENDING:

- Priority Sector Lending is an important role given by the RBI to the banks for providing a specified portion of the bank lending to few specific sectors.
- These **sectors of the economy, that has high social return and are much needed for inclusive development, may not get timely and adequate credit in the absence of this special dispensation.**
- All **scheduled commercial banks and foreign banks (with a sizable presence in India) are mandated to set aside 40% of their Adjusted Net Bank Credit (ANDC) for lending to these sectors.**
- **Regional rural banks, co-operative banks and small finance banks have to allocate 75% of ANDC to PSL.**
- **Categories:**
 - Agriculture
 - Micro, Small and Medium Enterprises
 - Export Credit
 - Education
 - Housing
 - Social Infrastructure
 - Renewable Energy and
 - Others.
- **New additions to Priority Sector Lending (PSL) sectors in 2020:**
 - Bank finance to start-ups up to Rs. 50 crore.
 - Loans to farmers for installation of solar power plants for solarisation of grid connected agriculture pumps and loans for setting up Compressed BioGas plants.
 - Higher credit limit for Farmers Producers Organisations (FPOs) undertaking farming with assured marketing of their produce at a predetermined price.
 - The credit limits for renewable energy, health infrastructure, including the projects under 'Ayushman Bharat', have been doubled.
 - It seeks to address the issues concerning regional disparities in the flow of priority sector credit at district level which includes:
 - Ranking districts on the basis of per capita credit flow to the priority sector.
 - Building an incentive framework for districts with comparatively low flow of credit and a dis-incentive framework for districts with comparatively high flow of priority sector credit.
 - Higher weightage has been assigned to priority sector credit in 'identified districts' where priority sector credit flow is comparatively low.

<https://pib.gov.in/PressReleasePage.aspx?PRID=1732193>

https://www.business-standard.com/article/sme/centre-includes-retail-and-wholesale-under-msmes-to-benefit-25-mn-traders-121070300073_1.html

<https://timesofindia.indiatimes.com/business/india-business/retail-wholesale-trade-brought-under-msme-how-it-may-benefit-traders/articleshow/84091281.cms>

<https://www.thehindubusinessline.com/companies/msme/govt-includes-retail-wholesale-traders-under-msme-category/article35095454.ece>



NEWS IN BRIEF: PRELIMS SPECIAL

National Doctors' Day

- **July 1** is observed as National Doctors' Day in India.
- The day is **observed in memory of Dr Bidhan Chandra Roy**, former Chief Minister of Bengal, was also referred to as the **first medical consultant in the subcontinent of India**.
- For his outstanding contributions, he was awarded the Bharat Ratna in 1961.

<https://newsonair.com/2021/07/01/pm-modi-addresses-doctors-on-national-doctors-day/>

OxyJani

- Indian researchers have designed a **robust, mobile group oxygen concentrator** that has been named 'OxyJani'.
- Researchers from the Jawaharlal Nehru Centre for Advanced Scientific Research, an autonomous institute under the Department of Science & Technology, Government of India.
- OxyJani is **based on the principles of Pressure Swing Adsorption (PSA) technology**.
- The team replaced lithium zeolites (LiX) which is usually used in oxygen concentrators, with sodium zeolites which does not generate toxic solid waste and can be manufactured in India.
- Additionally, the waste generated from the concentrator has the potential to be used as an agricultural input material.

<https://newsonair.com/2021/07/02/robust-mobile-oxyjani-can-cater-to-acute-chronic-oxygen-needs-at-grassroots-level/>

Chartered Accountants' Day

- **July 1** is observed as Chartered Accountants' Day (CA Day).
- The day is marked to **commemorate the founding of the Institute of Chartered Accountants of India (ICAI) in 1949**, one of the oldest professional institutes in the country.
- ICAI is India's national professional accounting body and also the second biggest accounting organization in the world.
- It is the sole licensing and regulatory body for the financial audit and accounting profession in India.
- It functions under the administrative control of the Ministry of Corporate Affairs, Government of India.
- The affairs of the ICAI are managed by a Council in accordance with the provisions of the Chartered Accountants Act, 1949 and the Chartered Accountants Regulations, 1988.

<https://newsonair.com/2021/07/01/pm-modi-extends-greetings-to-chartered-accountants-on-ca-day/>

OECD/G20 Inclusive Framework tax deal

- A majority of the members of OECD-G20 Inclusive Framework on Base Erosion and Profit Shifting, including India, adopted a high-level statement containing an outline of a consensus solution to address the tax challenges arising from the digitalisation of the economy.
- **The proposed solution consists of two components:**
 1. Pillar One, which is about re-allocation of an additional share of profit to the market jurisdictions, and



2. Pillar Two, which consists of minimum tax and subject to tax rules.

<https://newsonair.com/2021/07/02/india-joins-oecd-g20-inclusive-framework-tax-deal/>

Bamboo Oasis on Lands in Drought (BOLD)

- It is a **KVIC project launched with the objectives of reducing desertification and providing livelihood and multi-disciplinary rural industry support.**
- It has been launched in the tribal village Nichla Mandwa in Udaipur, Rajasthan.
- 5000 saplings of special bamboo species – Bambusa Tulda and Bambusa Polymorpha specially brought from Assam – have been planted over 25 bighas (16 acres approx.) of vacant arid Gram Panchayat land.
- Project BOLD seeks to create bamboo-based green patches in arid and semi-arid land zones.
- KVIC is set to replicate the Project at Village Dholera in Ahmedabad district in Gujarat and Leh-Ladakh region by August this year.

<https://newsonair.com/2021/07/05/project-bold-to-provide-livelihood-protect-land-from-degradation/>

The Trafficking in Persons (Prevention, Care and Rehabilitation) Bill, 2021

- The Ministry of Women and Child Development invites comments/suggestions on the Trafficking in Persons (Prevention, Care and Rehabilitation) Bill, 2021.
- The objective of the bill is to **prevent and counter trafficking in persons, especially women and children, to provide for care, protection, and rehabilitation to the victims, while respecting their rights, and creating a supportive legal, economic and social environment for them and also to ensure prosecution of offenders.**
- A person found guilty of trafficking can be imprisoned for a minimum term of seven years, which can be extended to 10 years.
- The provisions will apply to every offence of trafficking in persons with cross-border implications.
- Those convicted shall also be liable to a fine of ₹1 lakh to five lakh.
- It will also allow the properties of the convicts, bought using money from trafficking, to be forfeited.

<https://newsonair.com/2021/07/04/ministry-of-women-and-child-development-invites-comments-suggestions-on-the-trafficking-in-persons-prevention-care-and-rehabilitation-bill-2021/>

Five portals on the AYUSH sector launched

- **Ayurveda Dataset on Clinical Trial Registry of India (CTRI):** CTRI is a primary Register of Clinical Trials under the WHO's International Clinical Trials Registry Platform.
- **CCRAS-Research Management Information System (RMIS):** RMIS is a one-stop solution for Research and Development in Ayurveda-based studies.
- **E-Medha (electronic Medical Heritage Accession) Portal:** Online public access catalogue for more than 12000 Indian medical heritage books through NIC's e-granthalaya platform.
- **AMAR (Ayush Manuscripts Advanced Repository) Portal:** It has digitized information on rare and hard to find manuscripts and catalogues of Ayurveda, Yoga, Unani, Siddha, Sowa Rigpa in libraries or in individual collections across India or in other parts of the world.



- **SHAI (Showcase of Ayurveda Historical Imprints) Portal:** It showcases inscriptions, archaeo-botanical information, sculptures, philological sources and advanced archaeo-genetic studies.
<https://newsonair.com/2021/07/05/ayush-minister-kiren-rijiju-launches-ayurveda-dataset-on-clinical-trials-registry-india-ctri-portal-2/>

NIPUN Bharat Programme

- NIPUN Bharat Programme launched by the Education Minister.
- NIPUN is an acronym for **National Initiative for Proficiency In Reading With Understanding and N Vision of the Mission** – To create an enabling environment to ensure universal acquisition of foundational literacy and numeracy, so that by 2026-27 every child achieves the desired learning competencies in reading, writing and numeracy at the end of Grade III and not later than Grade V.
- **The mission will focus on:**
 - Providing access and retaining children in foundational years of schooling;
 - Teacher capacity building;
 - Development of high quality and diversified Student and Teacher Resources/Learning Materials; and
 - Tracking the progress of each child in achieving learning outcomes.
- It has been **launched under the aegis of the centrally sponsored Samagra Shiksha Scheme.**
- NIPUN Bharat aims to cover the learning needs of children in the age group of 3 to 9 years.

<https://newsonair.com/2021/07/05/union-education-minister-ramesh-pokhriyal-nishank-launches-nipun-bharat-2/>