

13th May 2020

Shri. Narendra Modi
Hon'ble Prime Minister of India

Respected Sir,

Your leadership as the Prime Minister of India is exemplary, with a constant focus on eradicating the pain of the poor and the marginalised, while leading us from the front, in this time of the Covid19 crisis.

Sir, your clarion call to the nation to be “Vocal for Local” & “Atma Nirbhar Bharat”, is indeed commendable as a great direction for the Indian economy and we assure you of the full support of India SME Forum (ISF), its 86000+ members and their 1.07 Crore employees, in ensuring it reaches out to every Indian and is rigorously followed up with actionable implementation at our end.

While welcoming the economic package announced by the Hon'ble Finance Minister under your leadership, we are sure that many more measures will be announced in the coming days, to address some more issues faced by the MSMEs, directly linked to the employment & livelihood of the, more than 12 Crore, employed in MSMEs.

Some of the critical issues for the MSME sector we wish to bring to your kind attention and to protect the employment potential it offers, are :

A. Support for 45 lakh MSMEs with an additional 20% funding, is already announced, however its imperative to support the remaining 80 Lac companies registered with GST too (considering 1.25 Cr MSMEs registered for GST) and the balance 5.2 Crore enterprises (Total 6.5 Crore MSMEs)which are hitherto unbanked, Micro and Small, Village based and Rural Enterprises. We are aware that the Government has been discussing collateral free emergency loans of upto Rs. 25 lakhs to those that have no financing facilities, which could have an upper limit of 20% of their average last three years turnover. We should ensure that we announce the support to them quickly, in order to stop these enterprises from downing their shutters, further compounding worker distress.

B. Considering there is no production or activity, no MSME can afford to use debt funding and loans, while facing a clear loss, to pay wages for the Month of April or future months, as we go forward in our fight against Covid19. Following the Government's direction of paying salary to every employee, may not be possible for more than 5.2 Crore Micro units, which are employing over 8.9 Crores workers without direct Employment Incentive or Support. The Government could either offer a employment support package or allow a tax credit equivalent to an average of 3-4 months of salaries paid to workers in the last 3 financial years, to serve as an employment incentive, which can be availed by the enterprise in part or full in any FY, for upto 3 years, for all registered MSMEs.

C. We are sure that your Government is working on making the MSME sector sustainable and competitive, while a Subvention on GST rates for MSMEs registered with the Ministry of MSME is being discussed.

- A rebate of 50% on GST Rates as applicable for the commodities/ services to all Manufacturing & Service Sector companies, may be offered to registered MSMEs

- The benefit could be offered for at least two years, starting from March 2020, to all MSMEs to make them competitive as well as offer a better sustenance roadmap and will also enable the MSMEs to rejuvenate and revive their enterprises after the COVID 19 situation.
- The MSMEs that are not yet registered for GST will also come forward to register, to utilise the better prospects offered by registration, for funding and growing their enterprises

D. We are thankful for change in the MSME definition, which has finally seen the light of the day. However, enterprises with turnovers of more than Rs. 100 crores and less than 300 Crs cannot be admonished and left without protection, especially when the world over, companies with upto US\$ 50 Million (350 Crores) in turnover are SMEs, and are offered several benefits and protection. Such enterprises are our Champion companies, with the ability to scale fast and they cannot be left to fend off competition from multinational behemoths, without the cover of the Procurement Support under the MSMED Act. We either include them as Medium Enterprises or create a new program for such enterprises and support them in becoming Unicorns and global players, while based in India and exporting to the whole world.

We are sure your resolve for policy changes, to ease business and aid employment, will empower our economy both in the short term, as we prepare for a long drawn battle, against Covid19, but also in the long term, to ensure sustainability and our aim of achieving a 5 trillion US \$ economy.

Sir, you have our full support in your endeavour to serve the nation and all our people !!

With our best wishes for your good health !!

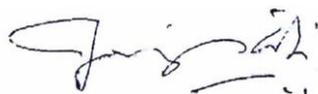
Sincerely Yours

For and on behalf of the INDIA SME FORUM



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