



Confederation of Indian Industry

# SME Business

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## FROM DIRECTOR GENERAL, CII

**T**he Micro, Small and Medium Enterprises (MSMEs) are critical to the industrial ecosystem in India.

The broad spectrum of occupations covered by the MSMEs makes them indispensable in the country's development paradigm. The sector has mustered much focus in the recent years, as it is the only sector of the economy with the potential of inducing social change through economic empowerment. The advantage of the sector lies in the vast geographical expanse spreading through areas where urbanization and multiple employment opportunities have not percolated.



The 73<sup>rd</sup> Round of NSS survey on Unincorporated Non-Agricultural Enterprises in Manufacturing, Trade and Other Services Sectors (excluding Construction) quantifies the total number of establishments at 633.92 lakh enterprises, of which only 4000 are large enterprises. Almost 95.58 percent of these organizations were recorded as micro enterprises and 51 percent of the MSMEs were reported to be in rural areas. Other than economic empowerment, the sector contributes towards social inclusion by providing livelihood opportunities to the marginalized.

The sector's contribution to the National GDP stands at 8 percent. Its contribution to manufacturing GDP is about 6.11 percent, 24.63 percent to services, 33.4 percent to India's manufacturing output, and 40 percent to exports. Acknowledging the high potential of the sector, the government has been on the front foot on increasing its competitiveness. The budgetary allocation to MSME for the year 2018-19 stood at a total of Rs.3790 crores for credit support, capital and interest subsidy and innovations. Through providing rebates in the interest rates, collateral free loans, incentivizing exports and introducing mechanisms for better accountability and transparency, the government is paving the way for growth of MSMEs in the country.

The country's growth lies in the advancement and prosperity of MSMEs. While the sector has evidenced positive growth in the last few years, it has the potential to achieve much more. The sector has been slowly but steadily overcoming various challenges. Issues such as access to finance, market access, low scale of production, huge competition from large firms, cheap imports, low research and development, lack of appropriate technologies, retaining skilled manpower etc. has been plaguing the sector. While these issues are being circumvented through proactive efforts of the government, retention of this focus is essential for MSMEs to reach the envisaged growth rate. The overall growth of the sector will translate into more employment and holistic development of the economy.

Confederation of Indian Industry (CII) aims to contribute to the sector through bridging the knowledge gap. MSME Business is an initiative to keep the readers abreast of recent policy developments in the sector. Analysis of data on various sectors of micro, small and medium industries remains crucial to understand the issues and challenges of the sector. In addition to policy updates, the bi-monthly newsletter will strive towards analyzing a particular sector in every edition, such that the reader has overall knowledge of the sector, understand its issues and challenges, recommend solutions and predict the trends of growth.

**Chandrajit Banerjee**  
Director General

**M** SMEs are extremely crucial for the country's growth by way of their significant economic and social contribution. With around 6.34 million units spread through the geographical expanse of the country, MSMEs contribute to around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities as well as 33.4% of India's manufacturing output. The sector is the second largest employer after agriculture providing employment to about 120 million people.



Often rightly termed as “the engine of growth” for India, MSME has played a prominent role in the development of the country in terms of creating employment opportunities, scaling manufacturing capabilities, curtailing regional disparities, balancing the distribution of wealth, and contributing to the national GDP. The sector's contribution to the GDP stood at 8 percent in the last fiscal year. To enable the growth drivers to take the Indian Economy ahead with MSMEs, the Government of India has incorporated various policies and schemes aiding finance, skills, marketing, technology, etc.

CII as an industry association has focused on not just giving recommendations related to schemes and policies, but also on keeping a tab on accessibility of these schemes to the relevant beneficiaries. Through working in synergy with the government's initiatives and partnering in various consultations, it works towards building a mechanism of inculcating accountability. CII MSME Council, works towards putting the issues faced by the MSMEs on the national platform through an organized way. The council works towards pushing the MSMEs towards a positive growth trajectory in terms of sustenance and profitability. While in the past the council has given many recommendations, which has been included in the government's policy framework, it is striving towards a more inclusive and actionable framework where the policies would translate into real time action.

The MSMEs are yet to realize their optimum potential when it comes to exports. Promoting exports through building global value chains is of pressing importance. It goes without saying that the sector is a powerful turbine that has been churning the development paradigm of the nation. The sector has been instrumental in the growth of the nation, leveraging exports, creating huge employment opportunities for the unskilled, fresh graduates, and the underemployed. Saying this, government's actions in terms of opening channels and removing hindrances for optimum growth of the MSMEs remains crucial.

This present edition of the MSME Newsletter focuses on the 'MSME Textile Industry'. Textile is one of the sectors which engages the highest number of workers next to agriculture. The large number of unorganized workers within the sector accounts for a substantial number of workers which often goes unaccounted for. Apart from direct engagement in the textile industry, the sector also provides employment to a large population in terms of engagement in the back-end operations. The sector contributes in great proportions, to production, employment, and exports. Nevertheless, lack of updated data on the sector has come forth as a challenge in real-time analysis of the sector. The MSMEs engaged in the textile industry have been reeling through various challenges which need to be reduced if not eliminated for ensuring profitability to the micro, small and medium entrepreneurs. The edition aims to provide an overall analysis of the sector by analyzing the current trends of production, imports and exports along with reflecting on the issues and challenges faced by the sector.

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Regards,  
**Shreekanth Somany**  
Chairman, CII National MSME Council

### MoMSME releases new guidelines on International Cooperation Scheme 2018

International Cooperation scheme provides financial assistance for airfare and space rent in exhibitions for entrepreneurs for going in a delegation abroad. “Score Card” for selection of the MSME units participating in the International Fairs/ Exhibitions abroad.

### SIDBI Make in India Soft Loan Fund for MSMEs (SMILE)

SMILE was launched during the FY 2015-16 as an INR 10,000 crore fund by SIDBI, in line with the Government of India’s ambitious ‘Make in India’ initiative. The target sectors under SMILE include all the identified 25 Make in India sectors as indicated by the GoI for the Make in India Programme.

### MSME Sampark will act as a bridge between talent pool and enterprises seeking trained man power: President Kovind

The Ministry of MSME organized National Conclave “Udyam Sangam” to celebrate United Nation MSME day on 27th June 2018, President of India, Ram Nath Kovind launched **Solar Charkha Mission** and job portal called ‘**MSME Sampark**’ for the micro, small and medium enterprises (MSMEs) in the country. Addressing the gathering, President Ram Nath Kovind said that the MSME plays crucial role in the growth and development of country and the world.” President said this portal will help the skilled youth in getting employment and also act as a bridge between the talent pool and those enterprises seeking trained man power. Besides, the **Solar Charkha Mission of the Ministry** was also launched by the President.

The Mission will cover **50 clusters** and every cluster will employ **400 to 2000 artisans**. The Mission has been approved by the Government of India for which the MSME Ministry will disburse subsidy of Rs. 550 crores to the artisans and will also help in generating employment for women in rural areas as well as support in the development of green economy.

### For MSME suppliers it pays to get on the TReDS Platform

TReDS is an online electronic institutional mechanism for facilitating the financing of trade receivables of

MSMEs through multiple financiers. The TReDS Platform will enable discounting of invoices/bills of exchange of MSME Sellers against large Corporates including Govt. Departments and PSUs, through an auction mechanism, to ensure prompt realization of trade receivables at competitive market rates.

Currently, there are two TReDSs — RXIL (India’s first TReDS platform established by SIDBI in partnership with NSE and three banks (SBI, ICICI Bank and YES Bank) and TReDS (a joint venture of Axis Bank and mjunction service) — in the country. They are Reserve Bank of India approved online marketplaces that bring together buyers, sellers and financiers.

The RXIL chief explained the concept as “Suppose four banks have defined a limit on a particular buyer. They will put in their bids (to discount a supplier’s invoice). When they do so, the lowest bid — discount rate — will come on the top (on the TReDS).

### Amendment to Companies Act to ease fund flow to Indian MSME: Arun Jaitley

Finance minister Arun Jaitley has said amendments to the Companies Act 2013 being considered by Parliament will help ease institutional fund flow to small businesses, acknowledging this has been an issue with the MSME sector that has also not received adequate policy attention. As timely and adequate credit flow will help and give impetus to growth of small sectors.

The MSME database portal and finance facilitation portal are part of the Digital India initiative and will facilitate ease of doing business in the country. MSME sector is one of the biggest job creators in the country, employing about 110 million people. The online databank is expected to cut down on the costs and efforts put in conducting census physically.

### Scheme for Capacity Building in Textile Sector (SCBTS)

The Cabinet Committee on Economic Affairs, approved the Scheme for Capacity Building in Textile Sector (SCBTS) to be implemented from 2017-18 to 2019-20 with an outlay of Rs. 1300 crore. 10 lakh people are expected to be skilled and certified in various segments of Textile Sector out of which 1 lakh will be from the traditional sectors. The Scheme is aimed at skilling the youth for gainful and sustainable employment in the Textiles Sector.

# TEXTILES- WEAVING FUTURES

## 1. OVERVIEW OF TEXTILE SECTOR

### 1.1 BACKGROUND

India is the second largest textile manufacturer and exporter in the world. With varied geographical and climates, it has the all the attributes for producing an assortment of natural fibers. As the highest producer of jute, second largest producer of silk, and cotton, and the third largest producer of cellulose fiber, India accounts for almost 14 percent of the global production of textile fiber and yarn.

The textile industry is the among the largest employment generating sector. This sector employs 45 million people directly and around 60 million more, indirectly. While direct employment involves producing yarns, textiles and readymade garments, backend operations like production of crops, rearing of silkworm, and more comprise employment that is generated indirectly in rural India. It encompasses some of the most deprived regions comprising the marginalized and also extends to developed areas providing, thereby offering equal opportunities to all.

The textile industry is broadly divided into the organized and unorganized sectors. The organized sector applies modern technologies and comprises sectors like garments, apparels, and spinning. The unorganized sector is largely made of handlooms, handicrafts, and, to a certain extent, sericulture for producing silk.

A complete value chain beginning at the producer’s level to the ultimate consumer exists in India. However, it is fragmented. The locales of production of the raw materials is often distant from the processing and/ or value addition sites. Often, components of the final product are put together in disparate locations and finally assembled at yet another unit. This affects the standardization of the products, and also leads to the accumulation of skills and outputs to locations, which encumbers skill and employment diversification.

## 1.2 CONTRIBUTION TO THE ECONOMY

The importance of the textile sector to the social-economy of the country is huge. As noted above, it’s a major employment generating sector. While it may comprise around two percent to the national GDP, it’s contribution to the exports earnings is 13 percent. It also accounts for an approximate 10 percent of the total manufacturing production of the country.

Industry estimates indicate that the value of the textiles industry would double to reach 230 USD by 2020. It therefore has a high potential to push the manufacturing sector into a double-digit growth segment. Acknowledgement of this is the inclusion of this sector as one of the focus areas in the government’s Make in India-2.0 drive.

## 2. MSMES IN THE TEXTILE SECTOR

### 2.1 STRUCTURE OF INDIA’S TEXTILE INDUSTRY

India’s textile industry is an amalgamation of units of varying sizes and scale comprising a mix of small-scale units, non-integrated spinning, weaving, finishing, and apparel-making enterprises.

**Composite Mills-** These are relatively large-scale mills that have integrated spinning, weaving and, sometimes, fabric units. Mostly PSU’s, there are approximately 199 composite mills in the country contributing to about three percent of outputs in the textile sector.

**Spinning-** This is the process of converting fiber into yarn to be used for weaving and knitting. Largely due to deregulation beginning in the mid-1980s, spinning is the most consolidated and technically efficient sector in India’s textile industry. It consists of about 1340<sup>1</sup> small-scale independent firms and 1762 larger scale independent units.

**Weaving and Knitting-** India’s weaving and

<sup>1</sup> <http://texmin.nic.in/sites/default/files/texind-overview.pdf>

knitting sector remains highly fragmented, small-scale, and labour-intensive. The sector combines use of power looms, handloom and weaving techniques. There are about 3.12 lakhs power loom units and about 173 exclusive non-SSI weaving mills.

**Fabric Finishing-** Fabric finishing (also referred to as processing) includes dyeing, printing, and other cloth preparation prior to the manufacture of clothing. This sector engages large number of independent, small scale enterprises. Overall, about 2,300 processors are operating in India, including about 2,100 independent units and 200 units that are integrated with spinning, weaving, or knitting units.

**Clothing-** Apparel is produced by around 77,000 small-scale units classified as domestic manufacturers, manufacturer exporters, and fabricators (subcontractors).

## 2.2 MSME PROPORTION IN TEXTILE SECTOR

The textile sector is vertically integrated with the value chain spread across sectors ranging from agriculture, production of finished products, to branding. There are about 1.06 lakhs registered and about 7.36 lakh unregistered units in the textile manufacturing in addition to 2.14 lakhs registered and 29.52 unregistered units in apparel manufacturing.

**Table 1: Number of MSME Units and Employment in Textile Sector**

	No. of units (in lakhs)		No. of people employed (in lakhs)	
	Registered	unregistered	Registered	Unregistered
Textile Manufacturing	1.06	7.36	10.25	25.66
Apparel Manufacturing	2.14	29.52	9.01	51.05

Source: Annual report 2015-16, MoMSME

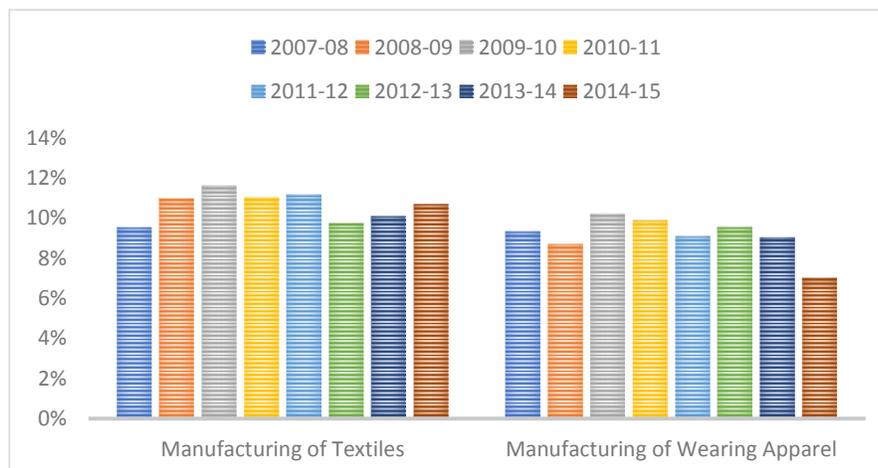
However, the proportion of MSMEs engaged in textile manufacturing has stagnated over the last few years. The proportion of MSMEs engaged in apparel manufacturing has decreased by about two percent as showed in **Figure 1**.

## 2.3 HANDLOOM

The handlooms industry employs about 4.3 million workers. Approximately 83.8 percent of these are in the rural areas. About 77.9 percent of the handloom workers are female highlighting their work participation ratio. Further, the sector also engages people from backward communities in large numbers.

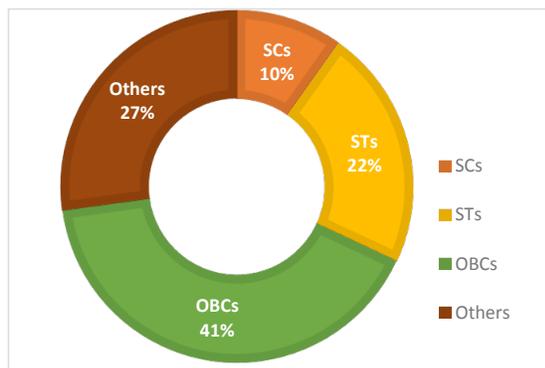
Handlooms is the second largest economic activity after agriculture providing employment to the rural population. It

**Figure 1 MSMEs engaged in Textile and Apparel Manufacturing**



Source: Annual Report 2015-16, MoMSME

Figure 2- Number of Households engaged in Handloom



Source: Handloom Census 2009-10, Ministry of Textiles

is labour intensive and its relevance has grown with increased mechanization in agriculture which has pushed people off farming.

Almost all parts of India have their unique handloom prints and designs reflecting their heritage. Table 2 below shows states with largest number of handloom units. About 95 percent of the global production of hand woven fabric comes from India. The value of Handloom exports was USD 355.91 million during the FY 2017-18. While US was the top importer, UK, Spain and Italy were few other major importers of Indian handloom.

Table 2: States with largest number of handloom units

State	Number of Handlooms	Number of Handloom Weavers
West Bengal	3,07,829	7,79,103
Tamil Nadu	1,54,509	3,52,321
Assam	1111577	1643453
Manipur	190634	218753
Tripura	139011	137177
Andhra Pradesh	124714	355838
Uttar Pradesh	80295	2,57,783
Telangana	66029	15679
Nagaland	47688	65,303
Odisha	43652	114106

Source: Ministry of Textiles

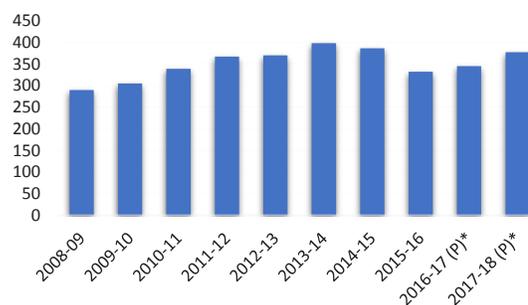
### 2.3.2 ISSUES

The Handloom sector has the potential to address the regional inequality through employment generation in rural and backward regions. However, the full potential of the sector is yet to be realized. Some of the issues hindering the real growth of the sector are a) lack of proper infrastructure and updated technology, b) poor wage remuneration, c) increased competition from the power loom and mill sectors, d) lack of information to weavers regarding various policies and schemes, e) lack of capability and information to adjust to changing market demands, and e) issue of patenting which often leads to manufacturing of cheap copies of the original products.

### 3. PRODUCTION VERSUS CONSUMPTION

The trends indicate that the domestic demand for textiles has been growing along with exports.

Figure 3 Production Trend- Cotton



Source: Ministry of Textiles

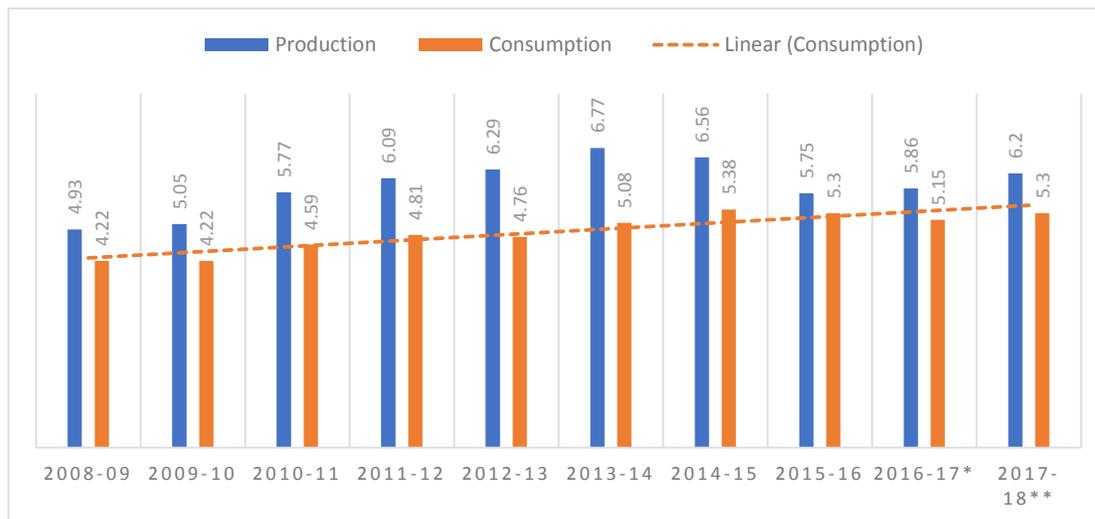
### 3.1 COTTON

India stands second in the global production and consumption of cotton. It accounted for almost 25.37 percent of global production of cotton for the year 2016-17. The consumption proportion was close where the country accounted for an estimated 21.01 percent.

Figure 3 shows the variation in production in cotton for the last decade. While the production varied during years, there has been an overall increase in the production of cotton in the country.

Figure 4 shows comparison between domestic production and consumption

Figure 4 Comparison between Domestic Production and Consumption



Source: Ministry of Textiles

of cotton. While the domestic production has been increasing, consumption in the domestic market has also increased over years.

### 3.2 SILK

The production of raw silk has increased over the last one decade. The support to the handloom sector by the government and an overall growth in the global demand of handlooms and silk products are some causal factors of this. The varieties in the type of silk produced have also added value in the global demand of the silk. Currently India produces five types of silk- Mulbery, Tasar, Eri and Muga and Oak.

Sericulture is another area which engages all the three sectors- micro, small, and medium enterprises. It is labour intensive

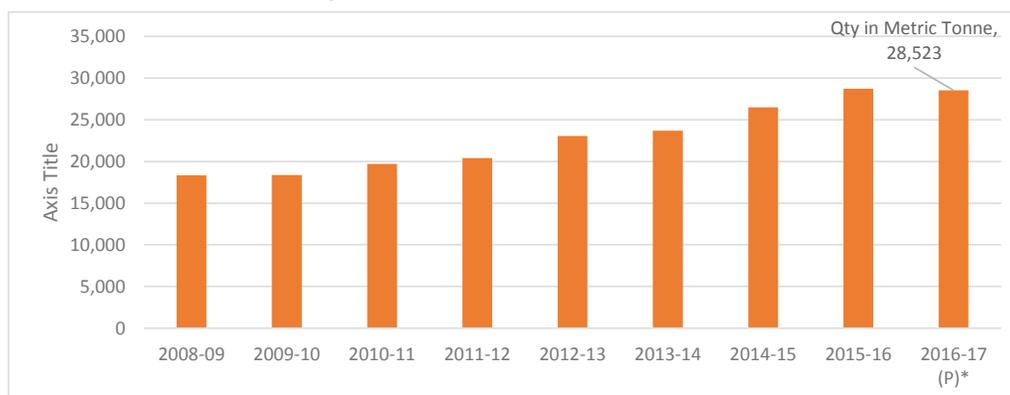
and engaged approximately 8.25 million people spanned across rural and semi-urban areas during the year 2015-16. Women in large numbers are engaged in the rearing of cocoons and extraction of raw silk. In addition, the production of silk handlooms also engages large number of small and medium enterprises in rural areas.

Forward looking government policies and schemes to promote handloom industry have fueled the growth of sericulture and manufacturing of silk handlooms. It has also resulted in boosting small handloom units in backward areas to mainstream their products.

### 3.3 JUTE

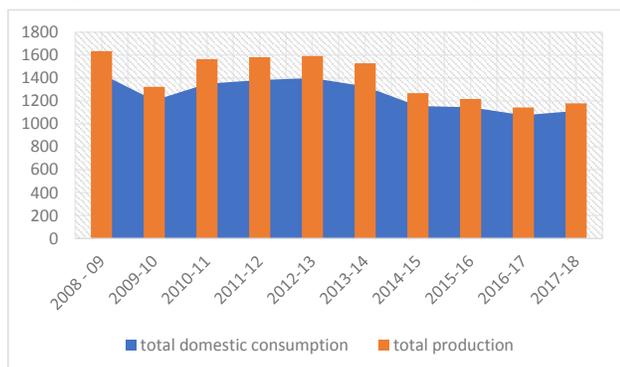
Jute is a multipurpose natural fiber which can be used for manufacturing products

Figure 5 Production of Silk in the last decade



Source: Ministry of Textiles

Figure 6 Comparison of Production and Consumption of Jute



Source: Ministry of Textiles

ranging from textiles to packaging materials. Jute processing and manufacturing finished goods have the potential of creating large scale employment opportunities. While India is the largest global producer of jute, Bangladesh is the largest exporter in the global market. Presents a declining trend in the production and consumption of jute in India. Some of the reasons for this are:

- Dilution of the Jute Packaging Material (Compulsory Use in Packaging Commodities) Act
- Poor wages for the labour
- Lack of diversification in the production
- Lack of innovation and technology
- Declining demand and low market prices

Jute predominantly grows in the eastern parts of the country where the concentration of marginalized is more. Proper revival of

the jute industry driven by use of updated technology and fetching remunerable prices would ensure creation of jobs in these areas spiraling the overall growth of the region.

#### 4. EXPORTS VS IMPORTS

India has been a major export hub for a variety of textile fibres since ages. It ranks second in the export cotton and silk. Export of textiles registered a growth of 14 percent in rupee term during the first three years of 12<sup>th</sup> five-year plan. However, positive growth was registered in all textile products other than cotton and silk. There has been a shift in the trend where highest growth has been achieved by coated/laminated fabrics of about 38.6 percent in rupee terms. As per a study by BCG in collaboration with CII suggested a mere 10 percent drop in China's exports can provide us the opportunity of doubling our exports.

**Table 3** shows the export trends for different elements of the textile industry. While there has been a decline export of raw materials (other than coir), the export of finished products like readymade garments and carpets have increased. This indicates that India is moving towards export of finished products rather than exporting only raw materials.

The increase in exports of readymade goods can be attributed to the vigorous Make in India drive which promoted in-house manufacturing vociferously. In addition, there has also been an increase in value of Handicrafts.

Large number of small scale industries are engaged in manufacturing of Carpets, Handicrafts and some proportion of the Readymade

Table 3 India's exports in million USD

Year	Readymade garments	Cotton Textile	Manmade Textile	Wool and Woolen Textile	Silk	Handloom	Carpets	Coir	Jute	Total Textile and clothing	Handicraft
2013-14	14445.9	13728.4	5781.3	434.7	395.8	373.0	1178.3	229.9	400.4	36967.6	1499.5
2014-15	16221.6	11753.6	5826.6	509.6	446.9	369.6	1360.8	285.2	366.9	37140.8	3233.0
2015-16	16457.8	11148.6	5162.0	459.3	342.1	368.5	1440.2	261.6	312.5	35952.6	3292.8
2016-17	17049.8	10560.9	5157.8	391.5	269.5	360.6	1494.4	296.3	321.5	35902.3	3657.3

Source: Ministry of Textiles

garments as well. Increase in all the above-mentioned elements also suggests overall growth in the small-scale industries along with increase in employment in these industries. **Figure 7** provides a comparison of the country's exports and imports of cotton and silk. While there has been a decline in the exports of raw materials, the imports haven't seen much growth. At the same time there has been an overall increase in the production. the phenomena further strengthen the analysis of improved in-house manufacturing of finished products.

#### 4.1 ISSUES AND CHALLENGES

MSMEs can be said to be the engine of the Textile industry where it is engaged in all the back-end operations required to produce the final product. Nevertheless, the MSMEs still remain ghost entities and are not able to realize their full potential. Few of the issues hindering their progress are,

- **Fragmented structure** of the sector affects the quality and standards- Large number of unregistered structure and fragmented line of operations makes it difficult to monitor the quality and standards. This impedes the prospects of exports and higher revenue earnings.
- **Lack of proper investment** hinders the process of upgradation in terms of technology and infrastructure. The MSMEs are unable to avail credit required to invest in upgrading the technology required to compete with global standards.
- **Fluctuation in the price of raw materials** and lack of proper safety net to protect the weavers from market fluctuations.
- **Lack of diversification** to newer international markets. Venturing into newer global destinations would help in diversification which would help in overcoming global shocks.
- **Low remuneration packages** have made handloom a loss-making business which has caused shortage in labour. This has also affected the quality where many units have started shifting to screen printing rather than continuing with traditional hand printing techniques.
- **Lack of knowledge about Patenting** leads to duplication and creation of cheap copies. This affects the authenticity along with reduction in price of the product.

Figure 7 Export Vs Import- Cotton and Silk



Source: Ministry of Textiles

S.No.	Scheme	Launched by	Details	Domain
1	<b>Additional Grant for Apparel Manufacturing Units for Integrated Textile Park (SITP)</b>	Ministry of Textiles	This facilitates textile units to meet international environmental and social standards. The assistance of GoI would be limited to 40% of proposed project cost, not exceeding Rs.10 crores for each park. Thus, SPVs intending to avail Rs.10 crores of grant assistance would need to invest Rs.15 crores (through equity/loans/other sources) in the ratio of 40:60. SPVs to upfront bring in 10% of their proposed contribution in escrow account.	Finance
2	<b>Catalytic Development Programme (CDP) in Project Mode</b>	Ministry of Textiles	The programme catalyses efforts of State Governments to improve quality, productivity and production of raw silk, besides generating employment opportunities, particularly in rural areas. Funds will be provided to State Government & Implementing agencies based on the project. Preference may be given to cover more small and marginal farmers. The State Govts shall take the responsibility of arranging credit facilities from banks /financial institutions wherever applicable.	Finance
3	<b>Rural Industry Service Centre(RISC) for Khadi and Village industry</b>	ARI Division Schemes	Rural Industry Service Centre (RISC) must cover one of the following services <ul style="list-style-type: none"> <li>• Provide testing facilities by establishing laboratory to ensure quality of the products.</li> <li>• Provide improved machinery/equipment to be utilised as common utility facilities by nearby units/artisans to enhance production capacity or value addition of the product.</li> <li>• Provide attractive and appropriate packaging facilities and machineries to local units/artisans for better marketing of their products.</li> </ul>	Finance
4	<b>Comprehensive Handloom Cluster Development (CHCD) Mega Handloom Cluster (12<sup>th</sup> Plan)</b>	Development Commissioner (Handlooms)	Under this scheme, assistance is provided for development of common infrastructure (Basic & Technical) to improve quality of life of weavers Assistance would be given under the scheme for modernization/ upgradation of the pre-loom, on-loom and accessories. The share of assistance by GOI is up to 80% (excluding land cost) and the remaining 20% by the SPV/beneficiaries/stakeholders/ State Govt. However, the contribution of the State Government will not exceed 10%	Technical
5	<b>Yarn Supply</b>	Development Commissioner (Handlooms)	This scheme has three components, Supply of yarn at mill gate price, 10% Price subsidy on the cotton hank yarn, domestic silk and wool, and Investment in NHDC. A mobile van could be operated for 20 days in a month by agency. Reimbursement on running mobile vans will be at Rs.1,500 per day or actual expenditure, whichever amount is less. Mobile van may also be utilised for procurement of handloom clothes and to that extent expenditure would be included within overall ceiling given above. Reimbursement to NHDC for operation of mobile van, in addition to flat rate of assistance mentioned, will be limited to a maximum of Rs. 36 lakh per year.	Finance

S.No.	Scheme	Launched by	Details	Domain
6	<b>Comprehensive Handlooms Development Scheme (CHDS)</b>	Development Commissioner (Handlooms)	The scheme will follow need based approach for integrated and holistic development of handlooms and welfare of handloom weavers. The scheme will support weavers, including self help groups, NGOs, etc., towards raw material, design inputs, technology up-gradation, marketing support through exhibitions, create permanent infrastructure in the form of Urban Haats, marketing complexes, setting up of Weavers Service Centre (WSCs) and Indian Institutes of Handlooms Technology (IIHTs), etc.	Assistance as per the need
7	<b>Pashmina Wool Development</b>	Development Commissioner (Handlooms)	The scheme is designed to make a meaningful intervention given the potential of this area to produce Pashmina of fine quality. Assistance is provided as: <ul style="list-style-type: none"> <li>• Provide 48 females + 2 males Pashmina goats under one unit to selected progressive farmer at Rs.5,000 animal. Benefit 36 breeders in 4 years at Rs.2.50 lakh per unit.</li> <li>• Health coverage: At Rs.18 animal for 4 years coverage.</li> <li>• To benefit total 2 lakh Pashmina goat every year</li> <li>• Strengthening of existing fodder bank/ Farms of LAHDC: 3 banks/farms at Rs.25 lakh per site with provision of storage hall and mini feed plant to use local material</li> <li>• Strengthening of existing Pashmina Goat Breeding Farm: 3 existing farms at Rs.25 lakh per farm</li> </ul>	Other (Provides/ exchanges Pashmina bucks, sheltering, pasturing, fodder and combing, de-hairing, sheering, training)
9	<b>Janshree Bima Yojana for Khadi Artisans</b>	ARI Division Schemes	The scheme is implemented by Khadi and Village Industries Commission (KVIC), as the nodal agency at the national level. At the state level, the scheme is implemented through State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs) and District Industries Centres (DICs) and banks. The Government subsidy under the scheme is routed by KVIC through the identified banks for eventual distribution to the beneficiaries/ entrepreneurs in their bank accounts.	Finance
10	<b>Assistance to NCDC Programmes for Development of Cooperatives</b>	Ministry of Agriculture	Loan and subsidy are being provided under the scheme. Subsidy component is being financed by Government of India and loan component is being arranged by NCDC. Cooperatives registered under the State Cooperative Societies Act or Multi-State Cooperative Societies Act are eligible for financial assistance under the schemes for all the activities mandated to NCDC.	Finance
11	<b>Refinance scheme for Textile industry under Technology Upgradation Fund (RTUF)</b>	Ministry of Finance	Installation of specified types of machinery in a new unit or in an existing unit by way of replacement of existing machinery and/or expansion will be eligible. This is done through SFCs/SIDCs/banks for assisting textile based MSMEs.	Refinancing

# MALKHA- INTEGRATING TECHNOLOGY WITH TRADITION

## Introduction

Malkha is produced through combining MALmal and KHAdi. The exquisite textile known for its rich fabric quality and excellent draping properties have gained immense popularity across the globe. It is a high-quality textile that is soft, drapes and breathes wonderfully and is crafted with love by Indian artisans. Lack of heavy and intense industrial processing provides the beautiful texture. In addition it is soft, and keeps its shape for ages. It has its roots in the weaving units of Andhra Pradesh, Maharashtra, Odisha, Karnataka, Kerala and Tamil Nadu.

The textile is produced through micro spinning technology. The premium technology, conceptualized by L Kannan, a mechanical engineer from Indian Institute of Technology-Madras, made it possible for the rural weavers to spin yarn within the confines of their homes.

## Malkha - the Brand

The cloth woven with yarn feels different from that woven by a micro spinning machine. The later has a distinctive appeal, and excellent drape and fall. The pronounced difference has appealed to the tastes of high-end fashion designers and middle-class customers alike. Owing to its distinct quality, it has found a ready market and has helped in better realization of labour for the rural producers. Within a span of two years of launch, the brand has reached different markets in India and abroad and is expected to grow significantly in the coming years.

## Microspinning: Small and Effective

Unlike the modern textile industry, micro spinning mobilizes the strengths of the traditional textile sector. The mode of production involved in modern textile industry produces homogenous outputs in huge volumes which often goes waste as small textile industries are not able to consume the entire production. On the other hand, micro-spinning produces yarns that is about 100 times smaller than the conventional scale. It integrates the cotton value chain which has been a problem. In addition, the non-invasive handling of cotton fibres in micro-

spinning produces superior quality textiles which is an added attraction.

## Empowering Rural Communities

The Malkha process provides an alternative to the present situation where both farmers and weavers are dependent on spinning mills. The processes of growing cotton, spinning and weaving can be linked and integrated which brings the farmer and weaver together through micro spinning. It provides the missing link in the rural cotton textile industry through combining local raw material and local skills. Along with creating more employment, it has also strengthened rural society both socially and politically.

As a small-scale process, Malkha has the potential of empowering rural communities in other interesting ways. Though the Malkha process uses the same amount of power per spindle as conventional spinning, it economizes by eliminating the baling, unbalancing and blow-room processes. The investment required is relatively less as compared to the huge capital costs that large-scale industry requires. Making the production process entirely local opens the door to eventual direct relations with the local market which further waives off the issues of exploitation and management of labor.

## Environmental Impact

The textile industry is one of the major contributor to the water and air pollution. In addition to emission of green-house gasses, the sector is responsible for pollution of water bodies too. The process involved in the production of Malkha has the potential to significantly reduce the carbon foot print and water consumption of the textile industry. This would translate into reduced air and water pollution. Studies indicate that production of one kg of industrial cotton textiles consume 11,000 litres of water. In contrast, production process of Malkha is human powered consuming only a quarter of electricity than that consumed in conventional textile production. The inputs used in wet processing are organic and impose no chemical load or discharge thus controlling the soil and water pollution.

## FINANCE FACILITATION CENTRE

Despite MSME's critical importance to the economy, the sector has been facing challenges due demand supply mismatch in financing. Some of the pronounced issues which has been plaguing the sector are which restrict their growth in order to function in their full capacity

- dearth of funds with various financial institutions
- higher interest costs,
- complicated setup procedures for the MSMEs,
- long receivables cycles leading to disruption in the smooth working capital management,
- taxation policy,
- market uncertainty, imperfect competition, limited access to trained labor, etc.

CII in line with the government has taken several measures to empower the MSMEs by collaborating with various institutions to cater to the MSME's needs. CII SME Finance Facilitation Center in association with its several financial institutional partners is one such initiative that has the sole aim of providing handholding support in the form of service assistance and spreading awareness to the MSMEs not only in the financing space but also in other domains like credit rating, compliance and Insurance for the SMEs. This center operates both offline and through an online portal and is a one stop shop, aggregating financing and other allied options from multiple large financial institutions. Till date, the Centre has reached out to over 4000 SMEs across the country and organized around 60 technical sessions wherein presentations were delivered by our partnering institutions.

### SOLUTIONS OFFERED

- Information sharing about various SME Schemes of Banks/ Financial Institutions
- Facilitation to MSMEs for assessing funds and other allied requirements
- Advisory / Guidance Support to SMEs for financing, credit rating, compliance advisory and insurance services
- Creating Financial literacy amongst MSMEs through various activities under FFC
- Sharing of information on various financial products of banks and other financial institutions for MSMEs

## TECHNOLOGY FACILITATION CENTRE

The centre was launched in November 2016 to provide latest technological support to MSMEs. TFC provides facilitation service interconnecting technological solution providers with remote SMEs across the country and creating awareness amongst SMEs across the country on cutting edge technological solutions. It also helps in demonstration of technological solutions for more efficient usage and adoption by SMEs and automatic linkage to CII-FFC for credit facilitation support.

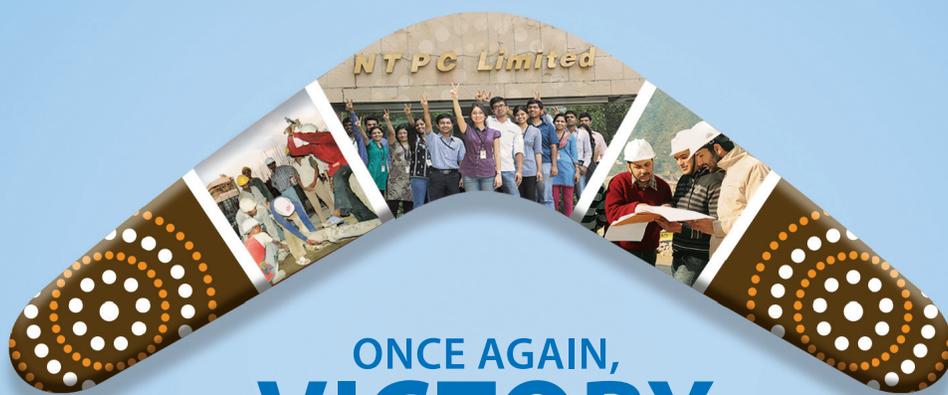
The objectives of the centre are;

- Highlight significant technological solutions that facilitate in enhancing the competitiveness of Indian MSMEs.
- Create awareness amongst Indian SMEs about latest technological solutions available and ways to leverage these to their advantage.
- Demonstrate various uses of technological solutions through presentations by technical experts.

Few of the highlights of the centre are as follows,

- Operates as a one stop shop, through online portal [www.ciiatfc.in](http://www.ciiatfc.in) , summing different upgraded and latest technology from multiple technology partners.
- MSME applicants can access multiple technology providers serving MSMEs with their technology.
- Technology providers to network and interact with potential customers and gain insight for product development and diversification.





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# 3<sup>rd</sup> NATIONAL CONFERENCE ON MSME FINANCING



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### WHY SHOULD YOU ATTEND?

- Gain Information on schemes and initiatives taken for MSMEs in the financial and insurance space
- Gain perspective on how Banks are transforming and integrating into SME lending
- Understanding the role of key stakeholders of the MSME sector
- Explore the alternative sources of MSME Financing
- Business expansion opportunities through networking
- Interaction with over 200 delegates

### WHO WILL BE ATTENDING?

- MSME Corporate Entrepreneurs/Start-ups/Government Agencies MSME desks/Promoters.
- Financial Institutions comprising of Banks, NBFCs, Fintech Companies, Venture Capitalists, Private equity Investors, Crowd Funding Entrepreneurs
- Practicing professionals with MSMEs
- Credit Rating Agencies
- Export Financing & Credit Insurance Solution Providers
- MSME Insurance companies
- Management and Business Consultants advising MSMEs
- Various Industry Associations members, Trade Bodies

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