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# SAMPADA

## संपदा

# MSMEs

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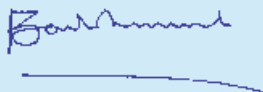
## Editorial



It has been consistently echoed from different platforms and forums that India is now posed for a more formidable growth in its Economic and Industrial development. At the back of it are many research reports by world renowned consulting firms which have projected Indian Economy to be amongst first five major economies of the world by mid of this century. There indeed is no doubt that India is at a transitory stage of growth. Certain reforms implemented so far and expected accelerated pace of reforms, to be introduced in the days to come will achieve the expected higher growth trajectory. To achieve the higher objectives of growth, India will have to further strengthen the major contributor to this growth process, the "Micro Small and Medium Enterprises" segment. We have been working on the objective of enhancing the contribution of Manufacturing to national G.D.P. from 15 to 25 %, which is supposed to be achieved by 2022. If that has to happen, the present GDP contribution of MSME segment has to increase by about 40% from estimated 6 % to 10 %. That's the growth potential which is available for this segment and it needs to be exploited in every possible manner.

A glance at this segment can indicate many problems still being faced by this segment. The regulatory policies that should be acting as a catalyst in its growth at times actually are impediments, in achieving higher productivity, reduction in cost, higher economies of scale of operation etc. Though the access to finance has opened up considerably, issues of collateral and higher rather than competitive interest rates are bothering the segment. Delays in collection of receivables, tax payments often put extra pressure on working capital finance thus creating problems of cash flows. Increasing competition due to globalised market has created a definite need to produce quality products at competitive prices. There is also an urgent need to evolve technologically superior methods of product development, acquisition of new technology and energy efficient machines. This needs additional capital resources which are hard to come by. Deplorable state of infrastructure like roads, transport, and quality electricity especially in semi urban and rural industrial areas are creating problems. This comes in the way of integration of urban and rural industrial clusters which is very essential for balanced regional growth of the Industry and Economy. There are many areas and problems which still need immediate attention and action from the different authorities. There are ample opportunities for the MSMEs domestically as well as internationally. The Indian MSME segment is indeed capable of exploiting these opportunities but they need some catalytic actions from various authorities. Let's sincerely hope that in the days to come this segment receives its dues and starts expanding more rapidly and efficiently.

In this May issue of Sampada we have many articles on subjects related to MSMEs. Along with it we have other interesting material for you too. Keep reading.



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## चेंबरचे संस्थापक कै. आ. रा. भट यांच्या जयंतीनिमित्त त्यांचे पुण्यस्मरण



मराठा चेंबरतर्फे गेली ७४ वर्षे संपदा हे मासिक प्रसिद्ध केले जात आहे. महाराष्ट्रातील आघाडीच्या नियतकालिकांमध्ये संपदाने स्वतःचे खास स्थान निर्माण केले आहे. संपदा मासिकाला उद्योजक, व्यावसायिक, शासकीय संस्था आणि शिक्षणसंस्थांच्या वर्तुळातील वाचकवर्ग लाभला आहे.

चेंबरचे संस्थापक लघुउद्योग महर्षी आ. रा. भट यांनी मासिक वृत्त या नावाने सदर मासिक जुलै १९४५ मध्ये सुरू केले. यात प्रचलित आर्थिक समस्या, उद्योग जगतातील व्यक्तींचे परिचय, विविध आर्थिक घडामोडी, औद्योगिक वाढ, उद्योजकांच्या अडचणी, सरकार दरबारी केलेला पत्रव्यवहार, चेंबरची निवेदने, विविध प्रकल्प, चेंबरचे वृत्त, कायदे व सरकारी धोरणांवर टीकाटिप्पणी असे स्वरूप असे. मासिक वृत्त चार वर्षे चालवल्यावर मासिकाचे क्षेत्र जरा विस्तृत करून त्याच्या सजावटीत सुधारणा करून एप्रिल १९४८ पासून त्याचे 'संपदा' असे नामकरण करण्यात आले.

संपदा मासिकाची सजावट, त्यातील मथळे, फोटो, छपाई यामुळे मासिकाच्या रूपाला सफाई आणि उठाव आला. आ. रा. भट हे अखेरपर्यंत जवळजवळ तीन तप संपदेचे संपादक होते. त्यांनी संपदात नियमित लेखन केले. त्यांच्या लेखणीतून महाराष्ट्रातील अनेक

प्रमुख कारखानदार आणि व्यापारी यांच्या जीवनकार्याची माहिती संपदातून वेळोवेळी छापली गेली आहे. संपदा मासिकाच्या अंतर्बाह्य स्वरूपात आणि मजकुरात वेळोवेळी कालानुरूप बदल करण्यात आले. विविध विषय निवडून विज्ञानयुगामुळे पुढे येणाऱ्या बदलांची दखल घेऊन त्यांची माहिती कितीतरी अगोदर संपदाने दिलेली दिसते.

**औद्योगिक पत्रकारिता :** आ. रा. भट यांच्या शब्दात सर्वसाधारण समाजाला आर्थिक आणि औद्योगिक घडामोडी स्वभावतःच दुर्बोध असतात व त्यांच्या गुंतागुंतीच्या घडामोडींचे परस्पर संबंध समजणे सामान्य माणसाला कठीण असते. शिवाय मराठी माणसाला यात रस वाटत नाही. असे असले तरी महाराष्ट्राच्या वैभवाच्या दृष्टीने त्यांना या व्यवहाराची आणि व्यवसायातील मंडळींची माहिती देणे आणि या क्षेत्राविषयी औत्सुक्य आणि रस निर्माण करणे हे कठीण काम संपदा मासिकाने सातत्याने केले आहे आणि त्याचा सुपरिणाम आज महाराष्ट्रात दिसत आहे. म्हणून आर्थिक औद्योगिक पत्रकारितेच्या क्षेत्रात संपदास एक वेगळेच महत्वपूर्ण स्थान आहे.

संपदा मासिकात वैशिष्ट्यपूर्ण सदरातून विविधांगी उपयुक्त माहिती सातत्याने देत आहोत. मराठीच्या बरोबरीने इंग्रजी भाषेतूनही

नवनवीन सदरे प्रसिद्ध केली जात आहेत. संपदाच्या विशेषांकांमधून त्या त्या वेळचे उद्योगजगताचे ज्वलंत प्रश्न मांडले. चेंबरचा सुवर्णमहोत्सव, हीरक महोत्सव, अमृत महोत्सवी तसेच विविध विषयांवरचे विशेषांक वाचकांच्या पसंतीस उतरले आहेत. काही व्यक्ती विशेषांक तर संग्राह्यही ठरले. संपदाच्या दिवाळी अंकातून औद्योगिक आणि आर्थिक धोरण आणि वाढीचा आढावा घेतला जातो. औद्योगिक, शैक्षणिक, सामाजिक आणि राजकीय नेतृत्वासमोरील आव्हाने यांचा उहापोह सादर केला आहे. यशस्वी उद्योगांच्या यशोगाथा, तत्कालीन औद्योगिक पाऊलखुणांचा मागोवा घेणारा आशावादी दृष्टीकोन चिकाटीने मांडला आहे. ही परंपरा अजूनही चालूच आहे.

संपदा हे चेंबरचे मुखपत्र न राहता त्यास अर्थ, उद्योग, व्यापार विषयक मासिक असे स्वतःचे स्थान मराठी नियतकालिकांमध्ये प्राप्त झाले आहे. संपदा मासिक गेली ७४ वर्षे अव्याहतपणे चालू आहे.

१२ मे रोजी चेंबरचे संस्थापक आणि संपदाचे पहिले संपादक कै. आ. रा. भट यांची जयंती. त्यानिमित्त त्यांचे पुण्यस्मरण!

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# MSME's Roadmap to Industry 4.0

Prabha Shankar



## Introduction

Large manufacturing companies in India are IT enabled and well on track to adapting Industry 4.0 standards and becoming globally competitive to achieve growth and profitability. However, the MSMEs (Micro, Small & Medium Enterprises) where information flow is driven mainly by excel sheets, are lagging behind and struggling to catch up to Industry 4.0 revolution's bandwagon. MSMEs typically collect data manually into Excel sheets forwarding them up the management chain of command through e-mails, SMS & WhatsApp messages for further manual compilation into desired reports for top management or to comply with their client's or larger manufacturer's requirements. This time and labour intensive process is embedded with errors and delays in the data collection process due to human limitations.

Imagine a real-time dashboard portal for MSMEs where information about pending orders, inventory, production schedule, dispatch details is available in real-time at the management's finger tips. This information further feeding into models and reports to provide analysis of production capacity usage, idle time, delays in production and delivery, alerts and notifications and much more.

While this intuitive insight and knowledge is no news to the MSME, it remains on their wish list due to not knowing where to begin and the assumed cost. MSMEs will benefit from adapting early to business process automation, digitisation and analytics, which will provide insightful real-time information for effective decision-making.

## What is Industry 4.0

Industry 4.0 is a name for the current trend in manufacturing technologies. After mechanisation (Industry 1.0), mass production (Industry 2.0) and automation (Industry 3.0), Industry 4.0 is the current industrial transformation with automation, data exchanges, cyber-physical systems, cloud, robots, Big Data, AI, Internet of Things & semi-autonomous industrial techniques, to realise smart industry and manufacturing goals in the intersection of people, new technologies and innovation. Internet of Things and services is becoming an integral part of manufacturing.

Industry 4.0 technologies have the potential to create extraordinary growth opportunities and competitive advantages across the world with digitisation & analytics as its initial



steps. Experts forecast that businesses will be able to increase their productivity by almost 30 per cent adapting Industry 4.0 standards.

**Challenges facing MSMEs in adapting to Industry 4.0 standards**

Many MSMEs find their owners and top management focused on generating revenue to remain competitive and are already over-extended and multi-tasking their existing responsibilities. Understandably, changing the status quo can be a daunting task for the MSME management. Technology is often not a core competency and digitisation can require a large investment of capital and resources. Not knowing where to begin can seem a major challenge. However, not doing anything can stifle growth and is not an option either.

MSMEs in India are categorised by their size and structure of the units, variety of products and services, scale of production and application of technology. These enterprises support and compliment the large-scale

industries as ancillary units.

The large manufacturers to whom they supply products are preparing for Industry 4.0 compliance. MSMEs who are part of large manufacturers' supply chain must conform to their client's requirements and demands for information and now require their MSME suppliers to receive and provide data in electronically compatible format. For example, a simple digitisation problem begins with the large manufacturer adopting a new part numbering system as part of the digitisation process and the MSME must adapt by keeping track of the relationships of the client's new part number series with their own internal part numbering systems. This alone can become a specialised task, especially if the MSME's multiple clients each have their own part numbering system.

Large manufacturers expect on-time and error-free delivery of products and any delays in delivery can prompt the large manufacturers to develop other suppliers.

It is indeed the need of the hour for MSMEs to adapt process automation with digitisation & analytics to align with their major customers' requirements.

**What can technology offer?**

Many current technologies such as cloud and virtualisation can provide transformational cost-saving advantages to leap frog over traditional IT solutions. Hardware, storage and software have become much more accessible and affordable. However, technology is changing at a faster pace than ever before and "technology for the sake of technology" is not the right solution for any individual enterprise. The challenge is to determine the right technologies that will bring the most value to your business.

The IT market is saturated with solutions from off-the-shelf turn-key products, such as HRMS and Salesforce. These can be expensive and often do not meet all the requirements of the organisation. Enterprise systems such as SAP can be over-kill in their features with very high





set-up fees and configuration costs. Understandably, many MSMEs prefer to strategise a step-by-step approach to fit their budget, see the benefits from the results and allow their management, employees and customers to adapt and grow into the new technology. To custom-build systems in a modular building blocks approach to fit the business process requires a knowledgeable and experienced IT staff which is a long term liability for the company. An experienced IT partner can bring knowledge and experience needed to guide MSMEs through its digital transformation and provide the viable roadmap needed to guide the desired pace of change within their budget.

#### **Outsourcing IT Services, a win-win solution**

The IT services industry in India, credited with the Y2K revolution and software exports to 95 countries, has

traditionally provided IT services to multinationals and global IT consumers, launching them into the Industry 4.0 revolution. It is now time for India's MSME consumers to participate in the digital revolution and take advantage of these IT services on their home turf and not be left behind. For these enterprises, where technology is not a core competency, outsourcing IT to a qualified and experienced IT services provider who can become their IT partner is a win-win solution.

An experienced IT solutions partner can work closely with the MSME management to adopt a systematic approach and ensure that their vision is accurately captured. The IT partner can assist with problem identification and process definition, preparing the business requirements document (BRD), functional requirements document (FRD) and prototyping the User Interface. Agile development

practice will offer the MSME continuous visibility into development and progress. Successful digitisation of a manual process is an euphoric achievement for both, the MSME and the IT partner.

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# Make Mittelstand in India!

## Success of German SMEs and what can we learn from them

Manoj Barve



Four pillars of German economy are its - Small & Medium Enterprises, Vocational Training, Trade Fairs, and Industry Associations.

German SMEs are popularly known as the “Mittelstand”. Mittelstand is the growth driver of German economy, German society. The Mittelstand contributes 36% to the revenue generation, but 55% to value addition; employs 60% of the working population, and trains 82% apprentices.

India is looking towards own SME sector for job creation, for improving skills of our people, for increasing the share of manufacturing, and for increasing exports.

Large companies – domestic or MNCs - are not going to create jobs, nor is agriculture. Demographic dividend is possible only on the back of SMEs and Startups.

The Government has announced a number of schemes – Make in India, Skill India, Digital India, Startup India etc. in order to bring in a paradigm shift in Indian skill level, mindset, and economy. The success of all these initiatives depends upon effectiveness of our SMEs.

### How German Mittelstand did it?

The fascinating history of the Mittelstand dates back to over 150 years. Germany was a late-industrialised country compared to the UK, the USA and other European imperial powers of the 19<sup>th</sup> Century. However, when it did industrialisation, it was a thorough and systematic job. The old trade guild's tradition ensured skills are passed from generation to generation. Prussian Chancellor Bismarck introduced pension and health-care for all as early as in the 1870s. Unlike in the other parts of Europe, the employer-employee

relations within Germany stayed cordial over last 150 years. “Made in Germany” brand evolved to make factory owners and workers feel proud. Besides, there were the so-called protestant work ethics, general honesty and social solidarity. During late 19<sup>th</sup> century, large industrial empires like Thyssenkrupp, Siemens, Bosch grew – along with their partners from the SME sector.

### How does it happen on the ground?

Mittelstand are typically family-owned companies, mostly manufacturing industrial goods (B2B), and often originate in rural or semi-urban parts of the country.

In a glaring contrast to Indian SMEs, the Mittelstand's success can be traced to the following factors:

The Mittelstand companies are **extremely focused** in the niche markets. Within that niche, they attempt

global leadership. They prefer to grow deeper than wider. Large companies are often not present in those niches since they cannot leverage economies of scale. However, the Mittelstand companies reach sufficient volumes by going global and exporting extensively. Since those companies do not drift in to unrelated areas, they are able to concentrate their resources on R&D and innovation in the niche areas.

The Mittelstand companies are extremely **quality conscious**. In a high cost country like Germany, their selling point is never going to be the cost but rather quality, precision, functionality and innovation. Since their presence is more in machinery and tools, than in consumer products, they can compete well with low cost manufacturers like China. We want our machines to be robust, long-lasting, producing high volume with consistency, precision and quality, don't we? Even Indians who tend to be cost conscious are willing to pay the premium for a proven machine than to experiment with a low-cost copycat.

The Mittelstand companies are **passionate and proud** about what they do. Hence they strive to achieve excellence in their products and services. Owners, employees, and suppliers collaborate to make the customer happy.

**Closeness to customer** is another typical characteristic of the Mittelstand companies. They do not delegate

customer relationship to third parties. Their employees visit the customer – not only to sell products. They are often seen on the shop floor talking to the employees of the customer. The Mittelstand companies are able to provide solutions which the customer really needs. They are value, not price-oriented. Their development efforts are, thus, better directed towards practical solutions. This helps them cement long-term relationship with the customer.

The Mittelstand companies are at the forefront in carrying **vocational education**. 82% of German dual education students work at the Mittelstand companies. This has led to youth unemployment of just 7% in Germany as against the European average of 22%. It is well recognised in Germany that not everyone needs to be an engineer or go for higher education. Many learn a trade, and practice the same throughout their life. They keep on upskilling themselves, and become an expert in their trade. Thus, a machine-operator is respected for his expertise by the factory manager, an auto-mechanic by the automobile engineer, and a plumber by the architect. Germany's world-famous **dual-education system** lets youth - train, lets factories - have local employees at reasonable costs, lets industry - build world-class products, and offers German society – a stable and strong structure.

Mittelstand companies are highly **innovative** in both – products and

processes. They do incremental and continuous innovation. Major **research** – basic as well as applied – is carried out in cooperation with universities and research institutes. The processes for carrying out R&D, sharing costs and transferring intellectual property are well defined and probed. This helps – especially the Mittelstand – to have an effective R&D and innovation in order to maintain their global competitive edge.

**Funding of investments** is done with the support of banks – especially through local / regional banks. A comprehensive, all-encompassing credit rating system gives independent view about credit worthiness of the companies – even when they may not publicise their financial results. This makes lending-borrowing smoother. Local banks are again in close contact with their customers – borrowers. Hence they pick up early warning signs quite fast, and can intervene to support the company.

Germans consider – “a promise is a promise”. The companies, usually, deliver the material on promised date, the customer picks up the material on agreed date, and makes payment strictly as per the credit terms. This makes the predictability of the cash flows and material flows reliable, and **working capital management** becomes easy. None of the above happens in India most of the times. This poses to be amongst the biggest challenge for Indian SMEs.

### What can we learn from the Mittelstand?

Germany has understood how important the Mittelstand is, not only for economic growth, but for holding its social fabric together.

Until now, India provided a lot of lip-service about supporting SMEs. A major portion of SMEs operate in the unorganised sector. But based on the available statistics, there are about 46 million SME units in India, who contribute to 45% of manufacturing output, 8% of our GDP, and 40% of exports. And most of all, employ around 110 million people directly and indirectly. Finally, we have realised that the future of a populous country like ours is



dependent upon the SMEs and Start-ups, manufacturing and digital technology. Recognising the importance of SMEs is, albeit, the first step in the right direction.

In Germany, the whole eco-system works in making environment conducive for operating the Mittelstand businesses profitably. Here are some of the changes we need to undertake.

**Who needs to do what?**

SME's in India operate under a vastly varied environment. At one extreme, some just survive due to lack of skills, capital and vision, and at the other – there are world-class SMEs comparable with any other in the world. Interestingly however, those successful ones often work just like the Mittelstand – even if they have never heard about the German Mittelstand. I am focusing on the majority of the SMEs who find themselves struggling yet progressing.

1. Championing the cause of SMEs

Politicians, business leaders, thought leaders need to dedicate themselves in developing an eco-system which helps SMEs to thrive. This can happen on national, regional or even local level. Making SMEs aware of their rights, facilities available to them, where they can get help should be publicised widely through print and digital media. Pride should be brought back to the SME sector.

2. Industry Associations

MCCIA in Pune and IMC in Mumbai are already leading the way. Events are being organised of thought-leaders and policy-makers to draw concrete plans to support SMEs. This special issue of Sampada on SMEs is a clear example of these efforts. MCCIA is also organising special courses to guide SMEs.

3. Skill Development

**Skill India** has been an underperformer - to say the least. The Government's intentions are good, infrastructure is being created; however, good trainers in basic skills are lacking. To train a batch of welders, we need a good welder as well as a good teacher. Germany has excellent vocational



trainers due to its industrial traditions of master-apprenticeship relations of over centuries. “Train the trainer” programmes can get us kick-started by bringing in such trainers from Germany. However, there is a need to accelerate the efforts.

Lack of dignity of manual labour has been a curse for Indian society for centuries. Only now we are realising the importance of basic skills without which visions will remain only dreams. Efforts are essential in transforming the way we look at skilled jobs.

4. Handholding SMEs

Empowering SMEs is a buzzword these days. However, some concrete initiatives are needed. SME companies need to get their **diagnostic analysis** done through experts. This is a **gap analysis** between their current state and their aspirations leading to insights as to what needs to be done to bridge the gap. Experts need to provide practical solutions at reasonable cost. Some SMEs get stuck in a low-margin, high volume **commoditised business** model. They need to make a paradigm shift in order to get out of the vicious cycle.

Following skills can be taught by practitioners and experts :  
 Soft skills like presenting, negotiation, writing emails, creating content for marketing  
 Leadership and people-related skills  
 Financial skills, making business plans, credit rating, insurance

Digital marketing, e-commerce  
 International trade, accessing foreign markets, how to benefit by participating in trade fairs  
 Techniques of operational excellence: Six-Sigma, Kaizen, Lean production, TQM techniques  
 How to Scale up the business

5. SMEs need to change their mindset

**Focus** has been the primary reason of the success of the Mittelstand. Instead of wasting the efforts on diverse activities – SMEs need to focus on one or a few niches, and excel in those. They should be targeting to go global in the focused area.

**Professionalism and continuous learning.**

A lot of new technologies are coming up. They are going to change the business models in which you operate. If you are unprepared – they may disrupt your business, if you are ready they may create new opportunities for you. It is important to keep yourself abreast of technologies like additive printing, Internet of Things, Industry 4.0 etc. and opportunities created by environmental technologies, e-mobility, big data analysis, augmented reality etc. Enormous information is available on the net.

**Innovation** versus Jugaad. Some of us try to glorify jugaad as “frugal innovation”, which it isn't. Jugaad is a “quick-fix” and nothing more. Innovation requires a process, training, R&D, collaborative approach, customer-orientation.

**Vocational Training:** Important to work together with local ITIs or other vocational schools (e.g. Don Bosco in Pune, Indo-German Tool Room in Aurangabad)

**Collaborate:** Collaborative efforts is the mantra for success - manufacturers with service providers, with sales channels, with R&D institutes and so on. Build **long-term relationships:** Do not fall for a quick-buck transaction. That does not help at all over a longer period of time. Hence, as in personal life, always go for building a long-term business relationship.

There is no quick way to success – **skilled people, good advice, handholding, training** – cost in short term but pays off in the long term. Patience and perseverance, as always, will bear the fruits!

#### 6. Government

First job for the Government is to not to come in the way of our entrepreneurial and energetic SMEs. The present administration is scrapping many outdated laws. Reduction of **bureaucratic hurdles** should be done with a focus on the SMEs.

How Government can help SMEs is by **developing clusters**. If some regions traditionally, climatically, intellectually call for forming cluster for a particular industry, the Government should proactively work on this. Clusters support economies of scale, supply chain management, logistics, and skills development. An example. Since Nagpur is in the middle of the country, post-GST it makes for an ideal location for logistics industry. If MH-Government were to help build a logistic cluster in and around Nagpur, it can make space and infrastructure available for the industry. Industry and Industry Associations can work on developing necessary skills in the region. It has been observed that skills development and innovation work best in a cluster structure.

Any and every help on **financing SMEs** through the Government is welcome. Implementing MUDRA effectively can be one way, establishing organisations like SIDBI, or reviving

organisations like MSFC or GSFC, focused on funding SMEs, could be another way.

**Standardisation** of products is taken to an extreme in Germany, and it helps small and large industries and consumers alike. The Government can work further on setting standards, and norms in various industries, which will create new opportunities for the SMEs.

#### 7. Banks, Financial Institutes and Rating Agencies

Financing capital expenditure and working capital is one of the biggest challenges for SMEs in India. Over 50% of SME funding comes from private sources, obviously at higher interest and unfavourable conditions. Nationalised and Private banks can play a lead role in reducing the financial stress of SMEs. Interestingly, it has been observed that banks' NPAs (Non-performing assets) with SMEs are substantially lower than those with large companies. Banks and financial institutions should increasingly **lend based on business plans**, actual financials and **credit rating** instead of collateral like houses, and other physical assets. In fact, **GST returns** serve a good, authentic and continuous way of monitoring actual financial results vis-à-vis business plan. Some progressive banks – like Union Bank – have taken lead to accept figures reported in GST return as the basis for lending.

**Credit rating** is important to prove your creditworthiness. D&B (Dun & Bradstreet) and similar independent credit ratings are backbone of trade in most of the industrial countries. In such countries, practically, no customer / vendor-code can be opened without a credit rating. The risks of parting some company information to an independent agency is worth the rewards. D&B, Crisil etc. should take lead to educating SMEs on this.

#### 8. Large companies

Large companies, if they want to grow – domestically or globally, need a strong support from the vendors. They cannot manufacture everything on their own. Gone are the days of conglomeration, these are the days of

collaboration. Siemens, for example, a 150 years old company in India, relies on over 3000 SMEs as vendors and service providers. If Siemens is to project itself as the state-of-the-art products and systems provider, it has to have partners who are of the similar standards. Siemens does everything possible to bring its vendors – SMEs – to its level. And it says proudly – it does it not as favour to the SMEs, but as duty. They just focus on getting quality, and most of all, quantity from the vendors at lowest possible cost. Vendor KPIs, and qualification is more of an eyewash. The future is about partnership, and a transactional approach is not going to work. The earlier the larger companies realise this, the better it is for our economy. Large companies also need to look into ethical issues in their own set up.

Delays in payment of routine transactions by large corporation to SMEs get reported regularly as part of government reporting. Without assigning responsibility and having consequences, however, this reporting goes wasted. If we set-up the responsibility with the Board of Directors of large companies, processes for timely payments to SMEs will be in place in no time.

Quality, consistency, precision etc. costs in short term but pays off over long term. Large companies should consider this while negotiating with their SME vendors. Please treat your suppliers as your long term partners. You will succeed if they succeed.

#### Conclusion

If all of us join hands and provide support to our SMEs, the day is not far when we too will be able to create numerous global champions like German Mittelstand does. And this will help us generate much needed employment, develop skills for our youth and create a bright future for our country.

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