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Presents

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pg 7

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SMALL IS THE NEW BIG

With Budget 2016 round the corner, a clutch of SME leaders lay down their priorities



SR Vaidya (left) shares a light moment with Cherag Ramakrishnan (centre) and Aditya Bagn



Anshu Saini



The Edelweiss and ET roundtable on SMEs driving India's growth underway at Mumbai's Sofitel



Anand Ladsanya (left) of Everest Flavours makes a point as Edelweiss' Anil Kothari looks on



Vishal J Shah (right) of PwC India deciphering the tax code



The august panel in a pre-roundtable huddle



Anil Kothari (centre) explains the finer points of financing to SMEs



Brijesh Agrawal (centre) shares an insight on why SMEs in India aren't able to scale up



Makrand Appalar (left) and SR Vaidya make a statement on the need for leadership with vision among SMEs



SME portfolio has more risk. So the government should set up more bodies, like export insurance schemes, and there should be some kind of scheme or organization which takes care of the debt finance to SMEs, and by that way, the entire SME debt gets secured and it can be taken as a larger block.

MAKRAND APPALWAR, CMD,
EMMBI Industries Ltd

example. It is a huge issue as far as the hotel industry goes. Regulatory norms is the second, taxation is the third.

ET: Makrand, do you see a leadership deficit among SMEs that eventually disallows them to aspire for the next level of growth?

Makrand Appalwar, CMD, EMMBI Industries:

I find a mismatch of the vision of the leadership of SMEs. Most SME leaders don't want to dream big. When we started the company, our dream was Rs 10 crore topline per year. Then we realigned our topline when we reached Rs 100 crore and our dream again is to go to Rs 1,000 crore. The businesses are run in a very proprietary manner and the top management needs restructuring. SMEs don't want to run themselves as a very structured organization. They hardly have any cadres, technology or finance officers. One or two people decide the course of the company. So the bandwidth of decision-making will have to be realigned for SMEs to grow larger.

The Indian SME Terrain

Total Market

Total number of SMEs: **50 million**

SMEs with PCs: **4 million**

SMEs with Internet: **2 million**

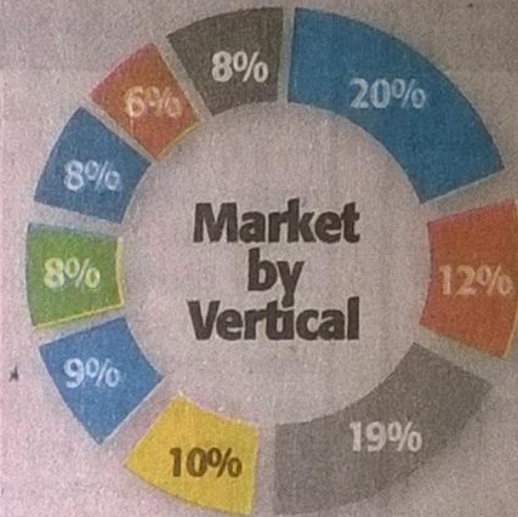
SMEs with website: **0.5 million**

Market by Size

Micro (0-10 employees) **8.9 million**

Small (11-100 employees) **0.43 million**

Medium (101-1,000 employees) **0.16 million**



- Retail: 20%
- Manufacturing: 12%
- Professional Services: 19%
- Hospitality: 10%
- Education: 9%
- Travel: 8%
- Real Estate: 8%
- Logistics: 6%
- Others: 8%

SOURCE: ZINNOV RESEARCH



Panelists at the ET-Edelweiss Budget 2016 roundtable on SMEs are bullish on what the FM channel has in store

Budget Wishlist

Aditya Bagri: GST should come in with a very reasonable impact on food and we would want food and agri to be viewed in the same light. This will help control inflation.

Cherag Ramakrishnan: At the retail level, which is the housing level, if we can do perception play where we allow taxation on housing loans to be deductible at the time of booking apartments, it will take away the inventory over-lag that everyone wants to write about. It will give a perceptible boost. Also, just simplify the tax structure and make life simpler from a project perspective.

SR Vaidya: Three areas where government has to help—human management, innovation and patents. We want the government to look at these areas so that we can grow as an industry from number three to number one.

Makrand Appalwar: The government should set up a skill upgradation and innovation-fund that will work with various technical institutes across the country. Getting manpower is a big challenge. This special fund could help with the requirement of manpower for SMEs.

Anshu Sarin: Huge issue of capital at multiple levels will help huge amount of growth and bolster a lot of the plans of the government. Also, GST would add much needed sanctity to the system.

Anand Ladsariya: There should be framework where the states are incentivized and encouraged to change themselves. The other thing is reducing the discretionary power of the various officials of the states. Presently, there are thirty-plus permissions that are required and the single window becomes the thirty-first window. Single window has no meaning today.

Anil Kothuri: This budget is an opportunity for the government to demonstrate its vision and make announcements along the following vectors - fiscal consolidation, tax sector reform, infrastructure/social sector priorities and banking sector reform.

Brijesh Agrawal: Whatever has been said is all very good, let them go and execute that.

Vishal J Shah: What is needed is walking the talk, like implementing the report on the tax reforms. Just make it simpler for people. The other is the clarity on reducing the corporate tax from 30%. I would like more clarity on the tax roadmap that was promised last year for corporates.

