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'Protect SME interests'

Sarosh Bana talks to Chandrakant Salunkhe, president of SME Export Promotion Council and first generation entrepreneur who founded and chairs the Mumbai-based Macro Group of Companies



What was the share of SMEs in India's exports worth \$245.9 billion last year and from which sectors?

Indian SMEs contributed around \$100 billion, or 40 per cent, of the total exports. These exports were primarily from the engineering, gems and jewellery, agricultural and allied sector, readymade garments and cotton yarn sectors.

Which are the hindrances to SME exports and what is being done to redress them?

SME exporters face innumerable problems like difficulty in identifying suitable buyers and importers, in producing internationally acceptable quality products and services, getting skilled labour, preparing documents, and dealing with increased bank interest, logistics cost and raw materials cost, forex fluctuations, delayed payments by buyers, and attrition of workers who have been trained at heavy cost. All these problems squeeze our profit margins or even lead to losses. The council has been taking up these issues with the concerned banks, organisations, institutions and regulators from time to time to ensure necessary remedial actions and initiate policy decisions.

To what degree does the Indian SMEs' perceived deficiency in technology and R&D hinder their exports?

Indian SMEs are still deficient in technology and R&D because of insufficient knowledge and funds. They are also not very keen to invest in new technologies to improve the quality and productivity. The IITs are also not providing necessary inputs on the latest

technological innovations to SMEs. There should be coordination and partnership between these institutions and industry to reap the benefits of latest technologies which can be profitably commercialised. The government's recent funding for cluster development will help establish R&D centres in select clusters which can help SMEs economies costs and improve their product quality.

Will the government implement the recommendations of the Task Force on transaction cost in exports?

The landmark recommendations by the Task Force for reducing transaction costs for improving export processes are in the right direction and we are happy in principle. It now needs to be seen how these are implemented by banks and other government agencies. We are confident that a sense of urgency will prevail on all concerned to help SMEs compete equitably in the global markets.

How do you perceive the government's proposal for a National Manufacturing Policy?

The policy should protect SME interests and the government must enlarge the reservation of SME products, and provide quality infrastructure, a progressive exit policy, and structures to support clean and green technologies, appropriate investment incentives and business-friendly approval mechanisms.

What is the role and membership of the SME Export Promotion Council?

The Council is registered as a not-for profit organisation under the Indian Companies

Act, 1956, for the promotion of exports from SMEs and small and medium entrepreneurs. It was initiated by me, a first generation entrepreneur whose Mumbai-based Macro Group of Companies is engaged in the packaging and engineering industries, exports and marketing. I am besides president of the Small and Medium Business Development Chamber of India that assists SMEs in inter alia identifying specific markets in specific countries. While the Council is not affiliated to any government agency or department, it has the support of concerned SME development agencies and government departments. With a membership of 3,000 SMEs and many more associate members, the Council has a countrywide presence.

Does the government seek your Council's inputs or recommendations in framing policy?

The Council is in regular liaison with the government, providing inputs and suggestions to the commerce and MSME ministries and RBI and other banks, as well as government agencies. The Council is also represented on such agencies as the National Board of MSME, Consultation Committee on Pre-Policy meeting on Monetary Policy 2010-11, chaired by the RBI governor, and the Standing Advisory Committee to review the flow of institutional credit to MSME Sector, chaired by the RBI deputy governor. Also, I have founded the SME Training Institute of India, Indian SME Knowledge Forum, SME Business Club and SME Technology Development Council.