

Odia Samaj Webinar on “Financial Packages and Opportunities for MSME in Odisha” - Highlights

Micro small and medium enterprises (MSMEs) are said to be the backbone of a nation’s economy. In the context of India, MSME accounts for around one-third of the nation’s gross domestic product (GDP), half of exports, and employ nearly 11 Crore persons. The COVID-19 pandemic delivered a body blow causing disruption in the supply chains, labour migration and severe working capital crunch for the sector. In this background, Government of India came up with several incentives under the “Atmanirbhar” package to jumpstart the moribund MSME sector.

Are the incentives sufficient? Are they reaching the intended audience? Are they offering bespoke solutions to the MSME sector in Odisha?

Questions like these and many other provided the perfect backdrop for Odia Samaj to organise a webinar, “Financial Packages and Opportunities for MSME in Odisha” on 27th June 2020. This day holds special importance as it is celebrated world over as the World MSME day to commemorate the contribution of the sector to the world’s economy. Hon’ble Shri Dharmendra Pradhan, Minister of Petroleum & Natural Gas and Steel, Government of India graced the webinar as chief guest. The event was chaired by Shri Debashis Panda, IAS, Secretary, Department of Financial Services, Govt. of India. Other eminent panellists were:

- Dr. Arun Kumar Panda, IAS (retd.), Former Secretary MSME,
- Shri Hemant Sharma, IAS, Principal Secretary, MSME Department, Govt. of Odisha
- Shri Sanjay Singh, IAS, Chairman, IDCO, MSME, Govt. of Odisha
- Shri Ashok Pradhan, Former MD & CEO, United Bank of India (UBI) Kolkata

The virtual workshop brought together many stakeholders including senior executives from the banking sector (SBI, UCO, and Andhra Bank); public sector undertakings (NALCO, MCL, Paradip Port Trust, Indian Oil, NTPC, Institute of Chemical Technology, etc.); trade bodies (CII, FICCI, Utkal Chamber of Commerce, NOCCI, and Rourkela Chamber of Commerce); numerous MSME associations; young entrepreneurs, and members of the academia.

Shri Sandeep Mahapatra, (Advocate Supreme Court) the event and set off the event with his opening remarks and set the stage for Shri Ratnakar Panigrahi (Director, Siddha Development Research and Consultancy) to provide a quick overview of the MSME sector in Odisha. Shri Panigrahi situated the MSME sector in Odisha in the context of the demographic dividend and the future possibilities for the sector in Odisha.

The state has been adding 50 thousand MSME units per year for the past five years. Overall, there are around 3.9 lakh units employing 15 lakh persons. Lion’s share of the credit flow is absorbed by the services sector and is absorbed by the micro

Odisha enjoys a demographic dividend as more than half of its working population is youth in age group 14-34 years. It also brings with it a challenge as majority are engaged in informal & unorganised employment and one-third of the youth need skilling intervention in order to contribute productively.
Ratnakar Panigrahi

enterprises while public sector banks are predominantly servicing the MSMEs. He also presented a road map of the new avenues that are opening for MSMEs in Odisha highlighted the need to leverage MSME schemes such as cluster development programme, concert synergies across government ministries, leverage FinTech and digital platforms for market linkage and address cultural blockers in youth of Odisha.

Shri Debashish Panda shared about the financial packages announced by Govt. of India and Reserve Bank of India and how they will benefit the MSME sector. He made a call to action to Odia entrepreneurs to leverage the untapped potential of Odisha in terms of rich mineral base, agrarian base and vast coastline. He detailed out schemes by the finance ministry to inject liquidity such as the collateral free emergency credit line guarantee scheme for existing borrowers; credit guarantee trust for new borrowers to avail collateral free loans; subordinate debt fund to re-capitalise stressed MSMEs or those who have turned non-performing units; fund of funds to infuse funds into MSMEs. He also highlighted the relevance of special purpose funds such as the agri-infra fund and various schemes including micro food processing unit scheme, Pradhan Mantri Matsya Sampada Yojana, and Pradhan Mantri Kisan Yojana.

Government initiatives are working to “make things simpler” for young Odia entrepreneurs including credit linked schemes backed by government guarantee and interest subvention. Such schemes ensure entrepreneurs are able to access easy institutional credit and successfully deal with the COVID-19 challenges faced by the sector. The banking sector is fully geared to partner with MSMEs and government departments to rise to the COVID-19 challenge and ensure provision of credit and other services to young entrepreneurs in Odisha.
Debashish Panda

“Fund of funds” is an unprecedented initiative by MSME ministry to reduce over dependence on debt and incentivize MSMEs to have equity infusion from private equity firms, venture capital funds and open up their access to capital markets.
Arun Panda

Shri Arun Panda highlighted the importance of MSME in India economy especially in Odisha. He lauded the recent announcements under Atmanirbhar package to provide multiple pathways for equity infusion into MSMEs through banks, venture capital, and private equity funds. He also mentioned about the initiatives to provide new markets such as by disallowing global bidding of projects up to 200 crores and aggregating the procurement demand of central public sector enterprises through the MSME

Sambandh Portal. Other notable initiatives include vendor development programs by Oil PSUs and allowing invoice financing for MSMEs through multiple financiers on the TReDS platform. He highlighted the need to focus on the potential of artisanal base of Odisha and how the state has launched highest number of projects under the scheme of fund for regeneration of traditional industries (SFURTI). Schemes such as SFURTI and Cluster Development Project are addressing the infrastructure needs of MSMEs.

In his talk, Shri Hemant Sharma highlighted the MSME sector in the economy of Odisha. He outlined the triple advantage offered by the state – explicit priority sectors; best in class policy framework; and available infrastructure to ensure a vibrant environment for MSMEs and start-ups. The state has been building infrastructure to leverage the expansive coastline and its natural advantages as part of the “purvodaya” initiative of govt. of India, he said.

He also shared about the ease of doing business in Odisha as demonstrated through the three-tiered “single window” investment clearance committees that are in place to fast track clearance of projects. The national e-governance award winning “Go SWIFT” platform that provides a hassle-free, paperless, transparent interface between the MSME and government through all stages of concept to commissioning is another highpoint of Odisha government. He also pointed out the start-up friendly policy and governance framework and the existing as well as upcoming opportunities in the state.

The Atmanirbhar package provides a unique opportunity to take advantage of the infrastructure, policies and governance platform that the state government has built up for the MSMEs. Odisha has identified six priority areas which provide unique competitive advantages for MSMEs.

State will provide an enabling environment to MSMEs to face the challenges of credit, competition, and compliance. The startup policy of the state has been recognized as a benchmark. The state offers best-in-class single window system for hassle-free, paperless and transparent G2B services and has facilitated ease of doing business in Odisha.

Hemant Sharma

Odisha has 120 industrial estates with more than one lakh acre of land available. The setting up of fully integrated sector specific parks reflects IDCOs change of mindset. Odisha also offers the best skill ecosystem made possible through central and state government initiatives.

Sanjay Singh

centres provide an edge to Odisha, he said.

In the dual role as CMD of Odisha Infrastructure Development Corporation (IDCO) and as Secretary of skill development, Shri Sanjay Singh highlighted the changed mind-set with which government is approaching development of fully integrated industrial parks which shall be offered in plug and play mode having all requisite environmental clearances. He also elaborated on the skilling ecosystem of Odisha that has succeeded in creating a premium branding. The ever expanding reach of government skill providing institutions such as CIPET and CTTC coupled with ITIs and other skill development

Shri Ashok Pradhan stressed on the need for the government and CPSEs to take steps towards clearing the pending dues to the MSME sector to address the liquidity crises. Corporates also need to honour the compact with MSME and ensure timely clearance of receivables, he said. In these testing times, he urged the govt. to consider a 2% interest subvention across all categories of loans

and not just shishu loans. He also pointed out the inadequacies in the moratorium period up to March 2021 offered by Reserve Bank of India (RBI) and suggested further extension by two to three years. The credit to deposit ratio of Odisha continues to lag behind national average and indicates industrial backwardness. He advocated for self-help groups (SHGs) as a vehicle for creating enterprises and instilling a sense of responsibility and pride in our enterprising and trading culture.

In his closing remarks Hon'ble Minister Shri Dharmendra Pradhan lauded the efforts of Odia Samaj for creating the interactive platform for dialogue and coordination between executive, bankers, and entrepreneurs in Odisha. He suggested creating an online platform for developing an online mechanism wherein the numerous questions from entrepreneurs that couldn't be taken up can be answered by the panellists. He further shared how Odisha doesn't have scarcity of funds, plans, schemes, raw materials, talent or domestic market. There is also a spirit of cooperative federalism amongst central government and the state government to ensure growth for the state, he said. He added another sector –financial market—to the priority sectors of Odisha that were identified by Shri Hemant Sharma. Odisha has a large base of finance professionals and there are a significant number of Odia persons in high ranking posts and prestigious positions in global markets as well as financial institutions including RBI and World Bank. He urged the state to tap into the deep financial skills that exist in the state and aspire to become the back office to the leading accounting companies of the world.

Odia Samaj platform needs to continue the dialogue with Odia entrepreneurs.

We need to create a bridge among bankers and entrepreneurs in Odisha.

State government has a large role to play in this. There is no dearth of funds, schemes, policies, raw materials, skilled human resources, or markets. Both central and state governments are striving to create Odia entrepreneurs and present Odisha as a gateway for global trade and commerce.

Dharmendra Pradhan

The webinar ended with a vote of thanks by the president of Odia Samaj Shri Sidhartha Pradhan.