



**Bombay Chamber
of Commerce & Industry**

**ENTERPRISE CHANGE
MANAGEMENT-MANAGING
CHANGES AT MSMES**

(September, 2020)

**(Survey Result Based on Inputs Received from Members of Bombay
Chamber)**

MSME FORUM

&

Economic Policy Research & Development Committee

Of

Bombay Chamber of Commerce and Industry

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FOREWORD

The Economic Policy Research & Development (EPR&D) Committee and MSME Expert Committee of Bombay Chamber of Commerce & Industry have taken the initiative of conducting a quick survey related to perceived business challenges over the next twelve months among MSME members.

The survey result highlights some challenges of doing business in India involving industrial development generally and development of MSMEs in particular. The same provides inputs for regulatory review.

The survey consists of two parts. The first part includes issues related to the EMERGENCY CREDIT LINE GUARANTEE SCHEME (ECLGS) and the AVAILABILITY OF TECHNOLOGY, ACCESS TO FINANCE and AVAILABILITY OF HUMAN RESOURCES. The second part captures some relevant information and concludes the survey findings.

75% of the respondent firms of the survey are in existence for **more than 10 years**, with **81%** of the respondents having a **private company**, **73%** of the respondents are in **manufacturing business**, **75%** of the respondents have **male owner** and **67%** of the respondents had annual turnover of **more than Rs 500 lakhs**. **54%** of the owner gained experience **elsewhere** and then started own business. About **46%** **inherited** their business.

The survey result shows **50%** of the respondents have tried to avail **Emergency Credit Line Guarantee Scheme**. Those who have availed, **100%** found it easier to get the sanction or to meet the eligibility criteria for getting the fund. **69%** mentioned they are **aware** of the **MSME Portal** and **80%** confirmed that **GST implementation has not led to fall in their businesses**. **60%** handle their disputes via **Mediation**.

The findings are discussed in the enclosed survey result. Please do not hesitate to get in touch with us if we can of further assistance to you.

Sandeep Khosla

Director General

PART 1

i. Have you tried to avail of the Emergency Credit Line Guarantee Scheme (ECLGS)?

- 50% respondents have tried to avail the scheme.
- 50% respondents have not tried to avail the scheme.

ii. Was it easy to get the sanction?

- 100% respondents believe it was easy to get the sanction.

iii. Was it easier to meet the eligibility criteria for getting the funds?

- 100% respondents believe it was easier to meet the eligibility criteria.

iv. What are the most difficult conditions to meet?

- To avail the facility under one entity in case of multiple exposure lines is a tough and challenging condition to expedite the process.

v. Is the required paper work very onerous?

- 100% respondents believe that the required paper work is not very onerous.

vi. What changes would you want to suggest to the policy makers to make the scheme better for you?

- To have an autonomous government body sanctioning and providing the limits as per scheme to the needful entities, thereby eliminating the need to go through the banking or other financial channels for availing the facility of the government.

vii. Are you aware of MSME Portal?

- 69% of the respondents are aware of the Portal.

viii. Are You Aware About GST?

ENTERPRISE CHANGE MANAGEMENT SURVEY OF BOMBAY CHAMBER OF COMMERCE & INDUSTRY

- **100%** of the respondents **are aware** of the GST.

ix. Do you Face Problems Due to GST?

- **73%** do not.
- **27%** do.

x. Has GST Implementation Led to Fall in Business?

- **80%** responded **it has not led to fall in business.**

1. Availability of Technology

xi. For your Company Technology is a/an Opportunity, Challenge, Threat or Ambiguous?

- **94%**of the respondents consider Technology an '**Opportunity**'.

xii. Which type of Communication do you consider to be effective?

- **69%**consider '**Face to Face**'.
- **19%** consider '**Skype**'.
- **13%** consider '**Phone**'.
- **6 %** consider '**Texting**' and '**E-mail**'.

2. Access to Finance

xiii. Reasons to Avail Financing?

- **50%** avail finance for '**Need Based Working Capital Extension Facility**'.
- **38%** avail finance for '**Long Term Loan for Innovative Projects**'.
- **25%** avail finance for '**Trade Credit**'.
- **19%** avail finance for '**Short Term Loans**' and '**Non- Fund Based Facility**'.

xiv. Sources You Access Finance From?

- **87%**from **Banks**.

**ENTERPRISE CHANGE MANAGEMENT SURVEY OF BOMBAY CHAMBER OF COMMERCE &
INDUSTRY**

- **34%** from **NBFCs**.
- **14%** from **Government Institutions**.

xv. If Bank, then Which Sector?

- **88%** from **Private Sector Banks**.
- **50%** from **Public Sector Banks**.
- **14%** from **Foreign Banks**.

xvi. If Specialized Credit Institution, then Which Institution?

- **67%** from **Payments Bank**.
- **33%** from **Small Finance Banks**.

xvii. If Government Institution, then Which Institution?

- **67%** from **SIDBI**
- **33%** from **State Finance Corporation**.

xviii. If Your Company Applied for Finance From Banks Which Was Denied; Could You Please Describe Why It Was Denied?

- **67%** replied because ‘**Firm does not have collateral**’, though land & building and internal accruals of the firm were sufficient for financing requirement.
- **33%** were denied because ‘‘**Lower Capitalization and High Debt to Equity Ratio**’.

xix. Would You Please Describe What Did You Use This Loan Amount?

- **75%** used as **Working Capital**.
- **42%** used for **Land/Building/Plant & Machinery/Equipment**.
- **16%** used for **Branding of Products and Firm**.

3. Availability of Human Resources

xx. Do You Have Structured Manpower Planning Process?

- **56%** have it on ‘**Need Basis**’.
- **25%** have it on ‘**Annual Basis**’.
- **19%** do **not have structured Manpower Planning Process**.

xxi. What Are the HR Practices Followed by Your Organization?

- 88% follow 'Training and Development'.
- 69% follow 'Performance Management'.
- 25% follow 'Job Rotation'.
- 19% follow 'Profit Sharing'.
- 6% follow 'Bonus System', 'Succession Planning, HR Strap', and 'Rewards & Recognition'.

xxii. What Are the Qualities that Your Organization Looks For in Potential Employees?

- 94% mentioned 'Attitude'.
- 88% mentioned 'Adaptability and Flexibility'.
- 75% mentioned 'Domain Knowledge' and 'Soft Skills'.
- 62% mentioned 'Creativity' and 'Thinking out of the Box'.
- 38% mentioned 'ICT Savvy' Professional.

xxiii. Is Your Organization Facing the Challenge of Talent Attraction?

- 56 % are not facing any challenge.
- 44% are facing challenge.

xxiv. What Are the Measures Taken by Your Organization to Attract Talent?

- 56 % follow 'Innovative Reward and Recognition System'.
- 44% follow 'Employer Branding'.
- 38% follow 'Attractive Pay Package'.

xxv. Does Your Organization Face the Challenge of Talent Retention?

- 38% 'do not' face any challenge.
- 31% face the challenge from 'Better Pay Package' or 'Better Prospects' outside the Organization.
- 25% face the challenge of 'Lack of Growth Opportunities'.
- 6% face the challenge of 'Work-Life Balance'.

PART II

Background of the Respondents

- i. **Entrepreneur/Firm are in Existence for?**
 - **75%** are in existence for **more than 10 years**.
- ii. **Type of Business?**
 - **63%** are in **Manufacturing Business**.
- iii. **The Constitution of the Firm?**
 - **81%** have **Private Company**.
- iv. **Ownership and Designation- Gender wise?**
 - **75%** have **Male** and **25%** have **Female** owner.
- v. **The Drivers for Setting up Business?**
 - **54%** **gained experience elsewhere** and then started own business.
 - **46%** **inherited** the business.
- vi. **Investment in Plant and Machinery?**
 - **38%** have invested worth **Rs.200 lakhs to Rs.500 lakhs** in **Manufacturing**.
 - **19%** have invested worth **Rs.200 lakhs to Rs.500 lakhs** in **Service**.

vii. Annual Turnover of Your Company in 2019-20?

- **67%** had annual turnover more than **Rs.500 lakhs**.
- **20%** had annual turnover between **Rs.100 lakhs to Rs.500 lakhs**.
- **13%** had annual turnover below **Rs. 100 lakhs**.

viii. What Are the Steps that Your Enterprise has taken to sustain in the Present Business Environment?

- **69%** has identified **Innovative Methods of Selling Products and Services**.
- **56%** has identified **New Geographies to Sell**.
- **44%** are making **Significant Improvement in Existing Products and Services**.
- **38%** are making **Technological Up-gradation**.
- **13%** are making **changes in their Management Team**.
- **13%** are **Installing New and Latest Machinery**.

xxvi. Nature of Your Business?

- **88%** are into **B2B (Business- to- Business)**.

xxvii. How do you reach your Customers?

- **94%** reach in Person.
- **88%** reach via E-mail.
- **50%** reach their customers via Social Media, - Facebook, Instagram, etc.
- **38%** reach via Print Media.
- **25%** reach via Advertisement by Pamphlet and via Mobile Application.

xxviii. How Do You Handle Disputes?

- **60%** handle their dispute via **Mediation**.
- **27%** handle their dispute in **Court**.

CONCLUSION

Key Highlights of the SURVEY are as follows:

Firstly, **94%** of the respondents consider **Technology** an '**Opportunity**', though **69%** of the total respondents do prefer "**Face to Face**" as most effective **Mode of Communication** and **94%** of them reach their customer **in Person**. **38%** are making **Technological Up-gradation** to sustain in the present business environment. An identical **38%** do consider "**IT Knowledge**" as most important quality of an employee.

Secondly, there are challenges for Working Capital Funding for MSMEs. Around **87%** of the respondent's source finance from **Banks**. Majority of them, **88%**, do finance from **Private Sector Banks**. Those who received loan, **75%** of the respondents used the loan amount for **Working Capital** and **41%** of the respondents used the loan amount for Land/Building/Plant & Machinery/Equipment. Those who denied loan, **67%** of them denied as the '**Firm does not have Collateral**' (though land & building and internal accruals of the firm were sufficient for financing requirement).

Lastly, **19%** of the respondents **do not follow any structured manpower planning process** to run their business and **56%** confirmed they **do not face any challenge of Talent Attraction**. Also, **50%** of the respondents have tried to avail **Emergency Credit Line Guarantee Scheme**. Those who have availed, **100%** found it easier to get the sanction or to meet the eligibility criteria for getting the fund. **69%** mentioned they are **aware of the MSME Portal** and **80%** confirmed that **GST implementation has not led to fall in their businesses**. **60%** handle their disputes via **Mediation**.

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