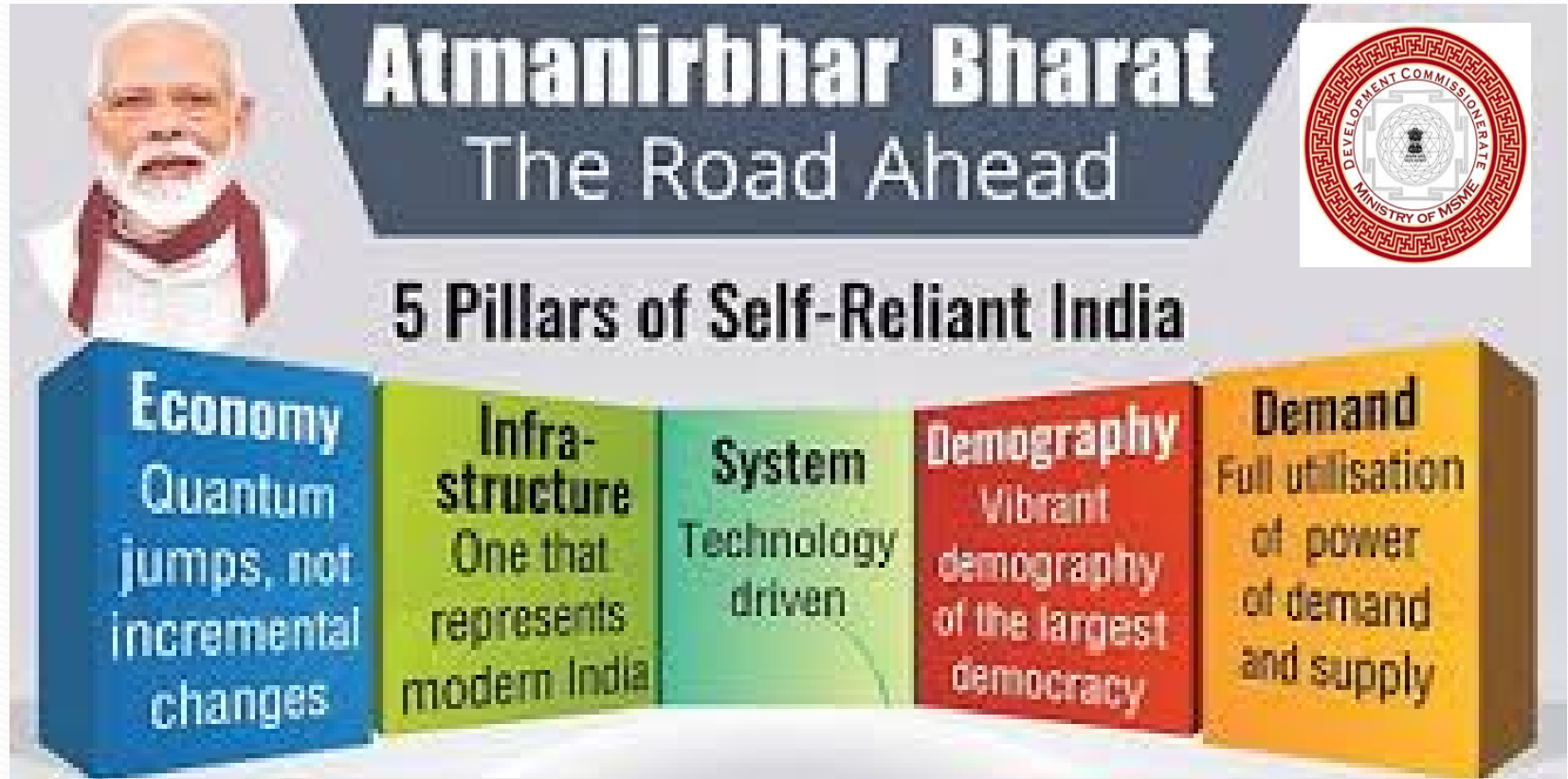


## ATMANIRBHAR BHARAT



### Pillar-5

## Pillar 5

# DEMAND AND SUPPLY CHAIN

Prepared By  
***Group consists of***  
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# Outline of the Presentation

- **Introduction**
- **Supply Chain Management**
- **Major Issues/challenges**
- **Raw material**
- **Logistics/Transportation**
- **Market Linkages**
- **Export Ecosystem for MSMEs**
- **Suggestions**
- **Conclusion**
- **Actionable points**

# INTRODUCTION

- According to the latest Central Statistical Office estimates, the year 2019-20 ended with the lowest ever growth of 4.1%. Due to Covid situation, the present year 2020-21 may end up even slower growth rate.
- MSME sector is contributing 29% to GDP, 45% of exports and employing 111 million persons.
- Out of 63.8 million enterprises, 1.36mn are manufacturing enterprises with more than 8000 products.
- **To achieve the vision of #Economy @ USD 5 trillion, India needs GDP growth rate of 8%.**
- MSMEs have been subject to certain major constraints in the Demand and Supply Chain, which are :-
  - Lack of timely and adequate credit.
  - Inadequate infrastructure facilities
  - Forward and backward market Linkages and
  - Procurement of raw materials at competitive cost.

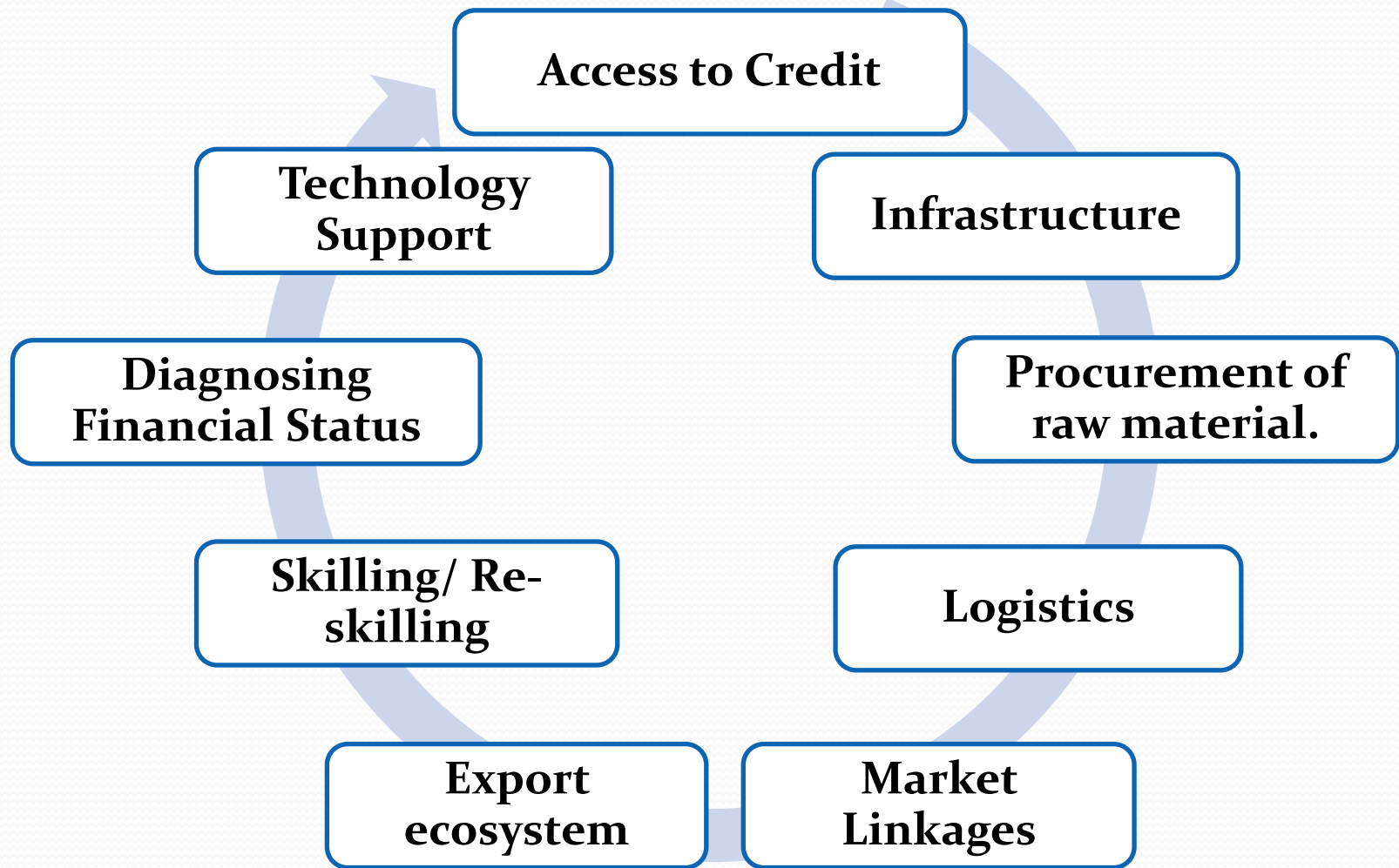


# SUPPLY CHAIN MANAGEMENT

- The objective of SCM is to maximize the competitiveness and profitability for the whole network, including the end customers & to build a balancing eco- system between Demand and Supply.



# MAJOR ISSUES/CHALLENGES IN DEMAND & SUPPLY CHAIN



# PROCUREMENT OF RAW MATERIAL

## ISSUE/CHALLENGE

- Non-availability of important raw materials.

## SOLUTIONS/INTERVENTIONS

- Raw material assistance by NSIC can be extended to many products and also in clusters to meet the needs of MSMEs
- Similarly KVIC and Coir Board can also maintain such raw material assistance for those clusters of SFURTI and Artisan clusters
- MSMEs to learn management of payables, receivables & inventory in order to manage fund flow.

# LOGISTICS/TRANSPORTATION

## ISSUES/CHALLENGES

- Non -availability of specific corridors for transportation at affordable cost and speedy delivery.
- Road transport accounts for about 60 per cent of freight traffic in India.
- Non-availability of Labourers for loading and unloading the goods because of reverse migration

## SOLUTIONS/INTERVENTIONS

- Dedicated Freight Corridors (DFC) of Roadways, Railways and Inland waterways to optimize transport strategy and generate cost savings will help this eco system
- To attract the labourers in urban areas, schemes like MNREGA and “One nation, One Ration Card” System (inter-state ration card portability) can be implemented in Industrial sector.



# MARKET LINKAGES

## ISSUES/CHALLENGES

- Less platforms available to showcase the product of rural enterprises.
- Availability of specific platforms like e-commerce and aggregators to meet the forward linkages.

## SOLUTIONS/INTERVENTIONS

- Rural Exhibition Centers to exhibit products in the local areas which will in turn benefit in terms of Logistics/Transportation to artisans.
- Domain of the existing dedicated e-Commerce platform for MSMEs like GeM (which is presently for Govt procurement) may be increased for general public purchase like Amazon /Flipkart etc.
- States may be requested to develop marketing platforms and Ministry should support the activity.
- Extension of PPP scheme to State PSUs/large sector corporate/MNCs so as to benefit procurement from the MSEs.

# EXPORT ECOSYSTEM FOR MSMEs

## ISSUES/CHALLENGES

- Lack of affordable transportation/logistic facilities for exports.
- Requirement of unification of Export Compliances.
- Integration of warehouses infrastructure.

## SOLUTIONS/INTERVENTIONS

- Transport and marketing assistance may be given to identified sectors for mitigating disadvantage of higher cost of transportation for exports.
- Affordable testing and certification infrastructure should be adequately expanded and developed in PPP mode to enable exporters to get all international accepted tests and certifications done in India.
- Leverage technology to reduce “Time to Export or Turn around Time” through seamless process of digitization of all export clearances (Port/Airport/Customs etc.) and elimination of offline/manual service
- Strengthening of clean storage, Temperature Controlled warehouses, integration with customs/Airports especially for Pharma, Food Processing, Agri Products for exports. More reefer containers should be made available and subsidized.
- Annual Mega Shopping festivals/Trade fairs to be conducted on important themes like Gems/Jewellery, Handicrafts, Textile, Leather, Tourism/health & wellness (Yoga) etc, to boost exports .

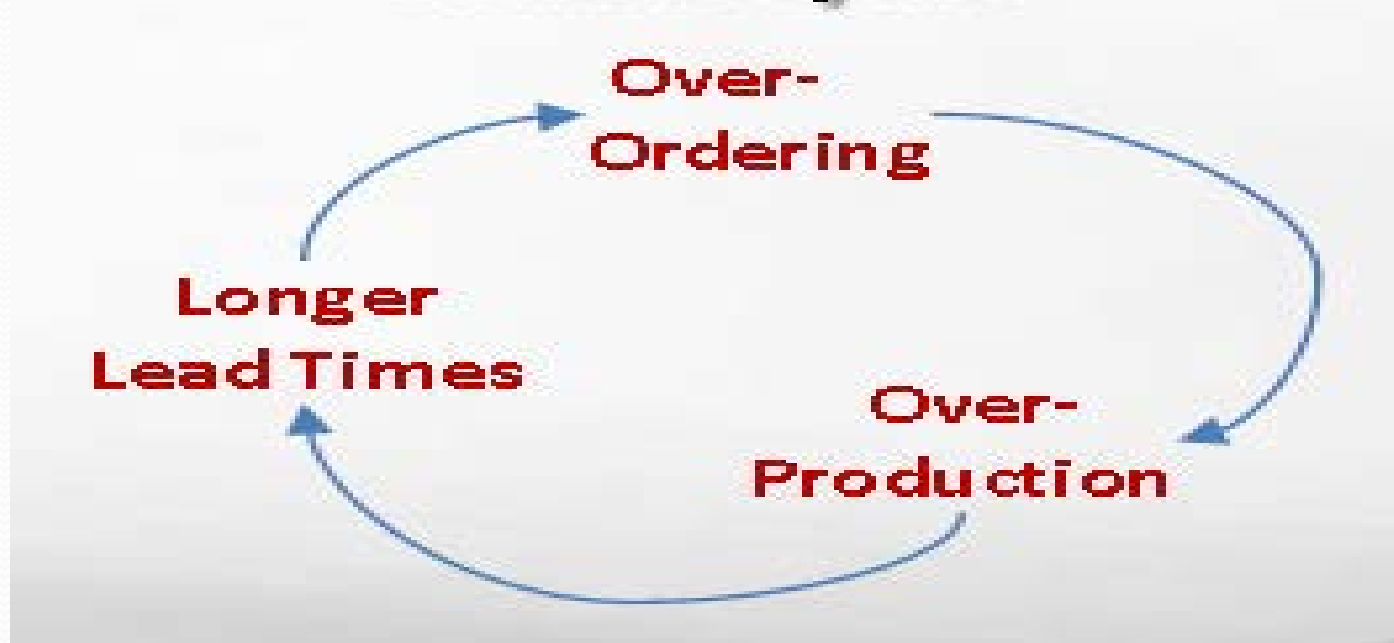
## **SUGGESTIONS- Raw Material Assistance to MSMEs**

- The Raw Material Assistance Scheme of National Small Industries Corporation (NSIC) can be extended to many products and also in clusters to meet the needs of MSMEs
- Similarly KVIC and Coir Board can also maintain such raw material assistance scheme for SFURTI clusters and rural artisans.
- States Uttar Pradesh (through Uttar Pradesh Small Industries Corporation) provides Raw Material Schemes which are very useful to MSMEs of that state. DC office may recommend other states to also implement such schemes.
- In addition, enhanced publicity of the Scheme is required at present to address the raw material issues of MSMEs. Special focus may be given for raw material assistance for products related to import substitution.

# Conclusion

- After undesirable COVID-19 consequences subside, it is vital for the constituents of the supply chains not to get trapped into a never ending or vicious cycle of "over ordering (because of the misleading shortages) calling for over production that result into longer lead times", which in turn leads to over ordering.

## Vicious Cycle



# ACTIONABLE POINTS

MSME-DI, Hyderabad to submit a note on "How to improve Financial Literacy" and assess if there is a need to frame a new scheme for the same.

Target Date: 31-08-2020

Action By: ALA, MSME-DI, Hyderabad



# THANK YOU