

NEWSLETTER | PACER | April 2021

President's Message



Dear Friends,
We have encouraging good news coming around. The Organization for Economic Cooperation (OECD) has estimated the India's economic growth forecast to 12.6% for 2021-22. The earlier forecast had put the growth rate figure as 7.9% for 2021-22. That means, that India will catch up its top slot as the fastest growing economy in the year 2021-22. A commendable feat indeed!!

Such a growth rate, *ipso facto*, is more welcome for the MSMEs, in as much as, they have an important role to play, as the largest employment providing sectors. The rebounding of MSMEs after the opening of industries in the post-Corona Pandemic situation, has been very appreciable. Hats off to their achievements, that have broken the imbroglio, grew up and have thrown the doomsday predictions to dust. It is upto the MSMEs to develop in multi-dimensions, and become the torch bearers of the Indian economy and look globally. Opportunities are abound!! However there is no magic wand to confront the obstacles that are likely to come in the way. The focus has to be on self-reliance, development of a global perspective and suitable alignment to the global supply chains. One important thing they have to focus on, is tapping the creativity potential of their workforce. Unless, the talent of the workforce is tapped, achieving and importantly sustaining such a growth rate may be an uphill task. Women workforce should be equal partners in this journey.

With this focus in mind, APCRE has successfully conducted its first Kaizen competition on 6th March 2021, to promote bringing out the talents of the workforce and working as teams.

Encouraging native talents, skills is equally important. Japanese call such a concept as Monodzukuri, i.e. recognizing the native skills. In this context, it is heartening to learn that, the toys-fair conducted recently, to boost toys export, had a good response and an encouraging start.

Now, the time has come for MSMEs to come together and work as a team, or as clusters, to mutually learn best practices from each other. The era of cooperation and coordination has come now, and treating other MSMEs as their competitors has to be given up. MSMEs can now focus on forming clusters, benchmark against global expectations, face global competitions together and become leading exporters. Also, giving boost to the electronic industry, there is news, that some 20 foreign companies are likely to invest in India, which shall definitely boost and spur, the semi-conductor production. All said and done, the future is bright for MSMEs and they have to gear up and embark on steps to become global players. APCRE shall extend all possible support in this endeavour.

In this newsletter edition we have some important articles, which, are very relevant to the present scenario viz. the 2E concepts to be adopted, points to be considered while outsourcing the labour, how to turn adversities into opportunities and focus on continual improvement.

APCRE has launched its website (www.apcre.in) to scale up its efforts and to serve the MSMEs better. The website provides important updates and information relevant to industries. APCRE has plans to include some free training material which can be downloaded directly. Very soon, a separate portal will be created, wherein industries could pose their problems faced and our experts' team shall try to provide useful tips / solution.

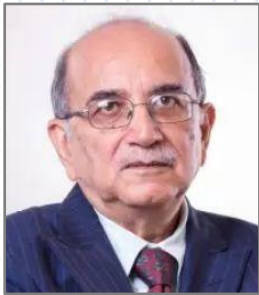
Well, let us meet again, in our next edition. *Au revior* till then.

Raghavan Kadambi, President, APCRE

Adhering to Global Guidelines on Engaging Contract Labour in India

Dr. Rajen Mehrotra

Former Senior Employers' Specialist
South Asian Region
International Labour Organization (ILO)



Introduction

Recently in December 2020, a company in Southern India witnessed unprecedented violence and vandalism unleashed by the large number of contract workforce working in the plant. It is reported that the cause was delay in payment of monthly wages including allegations of under payment of wages as reported by the media. Use of violence to resolve grievance by any body is wrong and needs to be condemned; at the same time enterprises need to ensure that permanent as well as contract workers are paid their legitimate wages on the due date.

Lessons to Learn

The above-mentioned incident is a lesson for all, for the Principal Employer Companies and the Contractor Agencies as well. Principal Employer Companies need to ensure that the contract workers serving in their plants and elsewhere are paid their dues in time, especially the wages and overtime payments according to the agreed terms. If the contractor fails to do so, then the onus fully rests on the Principal Employer Company to make the payment themselves to the contract workers and thereafter have them adjusted against the bills payable to the contractors.

The contractors also have a lot to learn from the above-mentioned incident. The contract workers engaged by any organization are presently governed by the Contract Labor (Regulation & Abolition) Act 1970. Very soon they will be governed by The Occupational Safety, Health and

Working Conditions Code - 2020 the day the Code becomes applicable. Contractors as well as Principal Employer Companies should ensure that all the applicable provisions of law are strictly adhered to, if they are not to face the wrath of the aggrieved workers as in the above-mentioned case and also action by the Government plus risk disqualification for future engagements by their buyer.

Corporate Ethics

Despite the existence of clear statutes governing labour, including contract workers, violations of the law by some Principal Employer Companies and Contractors are prevalent. They do not always get highlighted as in the above-mentioned case. The laws apart, we need to be fair to the working class. This is just pure decency and part of corporate ethics. Failures in this regard would certainly fall into the category of an unfair labor practice.

Outsourcing

With the advent of globalization, outsourcing has become an accepted practice over the last three decades in both the Indian and Multinational companies. This has led to the growth of small, medium and large enterprises. Unwittingly, these developments at times have resulted in practices by certain employers which are not always fair to the working class. No matter whatever by the size of the enterprise they all need to comply with the law.

The ILO

The International Labour Organization (ILO) has identified seven areas of concern with regard to the engagement of labour by Corporates. They are Child Labour, Forced Labour, Discrimination, Freedom of Association, Minimum Wages, Overtime and Social Security. Through **Responsible Business Conduct (RBC)** interventions advocated by the Employers' wing of ILO, it urges organizations the world over to focus on all the seven aspects in their entire supply chain to ensure compliance to all the

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provisions contained therein. RBC code aims at inculcating a moral and ethical outlook in the Corporates towards the welfare of their workforce including their supply chain. The ILO's intervention is meant to call upon the Corporates to act fairly even beyond the legal provisions.

Role of the Industry Associations

The National Chambers of Commerce and Industries (NCCI) and The Employer Organizations (EO) in India - a) ASSOCHAM, b) CII, c) FICCI, d) AIOE, e) EFI, f) SCOPE and others can play a vital role in ensuring their member companies as well as their supply chain follow the principles of RBC. This will enable our economy to grow rapidly while at the same time guaranteeing fairness to our working class in the country. The Industry Associations can also institute awards on RBC for their members enterprises and create awareness of global and Indian best practices for others to follow.

Conclusion

Enterprises in India whether small, medium or large need to ensure that they follow the principles of RBC, so that the unfortunate incident mentioned above does not recur.



VegOrganics

Mr. Naren Mehta

Co-Founder, VegOrganics

How the Pandemic Brought About a (Farm) Fresh Idea?



VegOrganics was set up in April 2020, at the height of the Covid-19 Pandemic in India. The 2 months of the strictest lockdown in the country and the breakdown of the normal supply chain

of fresh goods and services led to the conception of our start-up, which is now expanding operations all over Delhi. The idea was conceived by me, Naren Mehta, and my son Niket Mehta - ironically, right in our own kitchen!

Our start - We have very close friends who have big farms and grow fresh vegetables near Baghpat, and they used to send us their produce regularly. In addition to that, the adjoining farms which all belonged to known families would also send us a variety of produce when their vehicles would come to Delhi. About 2-3 times a week, they would send fresh vegetables and essentials like onions and potatoes to our house. Keeping this in mind, in response to the daily challenges and difficulties faced by all of our neighboring households for sourcing clean vegetables and other essentials during the pandemic, ***VegOrganics was set up as a doorstep supply of farm fresh, pre-cut and hydroponic vegetables within 90 minutes from the time of order. All of this - without a delivery charge!***

Talking Money - We were fortunate enough to already have an unutilized space at East of Kailash which became the natural choice for the office. From the beginning, we wanted to differentiate ourselves by providing hygienic, sanitized and fresh and exotic vegetables from our farms to our customers. We invested in a website and app to enable easy ordering for our customers. But,

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logistics and supply chain was our biggest challenge as it was core to the business model to ensure our biggest promise - the supply being 'fresh'. Then, barcoding and Point of Sale (POS) was the next area of work. Along with this, the other areas of investment included hiring and putting together a team of like-minded service-oriented staff, transportation and finally marketing. Through it all, my wife supported me in the investment and planning, and I am incredibly thankful to her for her unwavering belief in me and my work.

Our Inspiration - While our inspiration to start was the existing gap in the market that became pronounced during the pandemic, it has been the support and encouragement we have got from our customers that has helped us move along some difficult days. Most Indian households rely on the vegetable vendors that either come in their streets, or they go to the local markets. A lot of times, most of us feel cheated on the price, quantity and quality when we come home. The haggling of price for each item is another deterrent for the younger population. As the concept of work-from-home took seed into the general working class, we realized that there was a large untapped market for pre-cut vegetables that would save customers time and reduce effort, especially since most families were not using domestic help.

Being Different - For us, it was important to stand out from all the crowd, we wanted to provide a service that little to no companies gave. Thus, we introduced sanitized, pre-cut vegetables which were freshly cut, ready to cook and are a great help for people who have long working hours or simply don't like cooking. This had to be done carefully in the era of the pandemic. We took all safety measures and followed compliances to ensure our customers safety and retain the natural qualities of the vegetable in itself. Doing this, we not only offered our customers an opportunity to eat healthy but to eat clean and safe food at their own home.

Social Responsibility - Pandemic brought a lot of food shortages and unemployment and we tried to do our part in helping giving society. We had our packing made by under privileged women and all the food waste generated in our hygienic kitchens are responsibly donated in Gaushalas, and at the same time we cared for those who cared for us by launching a senior citizen discount on every order.

Maintaining a Quality Supply Chain - A quality - controlled logistics and supply chain is critical to getting farm - fresh produce to the customers kitchens without a single complaint or hiccup. We chose our suppliers carefully, inspected the farms and reviewed their farming techniques. Our hydroponic vegetables are sourced from farms near Gurgaon run by a family friend - this allows us to be sure that our daily supply is 100% fresh. In addition to that, we also clean and sanitize all stocks that come in the morning. And, we have a tie-up with a transport company for pickup and delivery directly to the warehouse to ensure that everything is sanitized and untouched, every step of the journey.

Our Customers: Our Biggest Supporters! - For any business, the customer is critical and at the center of the universe. We have always tried to talk to customers, take order calls, listen to feedback and check all the WhatsApp messages directly. This ensures that we are constantly hearing what our customers are saying - we always ask them what else they would like for us to add in our menu, or if there are any specific items they are looking for which we can procure. Infact, it is due to this feedback we started our daily essentials range - some older citizens gave us feedback that they would like fresh bread, butter and even Gur added to our menu.

Moreover, customer delight is key for us, which is why we do our best to give them what they need - we have previously managed to source leek, tofu

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and even avocados for some of our regular customers in under 2 hours!

Keeping Up With The Competition - As is the case with any business, competition is tough and thanks to the pandemic, every other person has started a home business. The key is to do the investment and run the project professionally. It's interesting for us to see how supportive our customers have been and have further given us references, as they feel confident about our product and pricing backed by the service. We do have competition from larger portals but our differentiator continues to be doorstep delivery within 90 minutes at no extra charge, and with the right weight and at the right price point. The service is personalized and we ensure the cutting and packaging to be exactly like how we would want for it to come into our home.

Our Growth Chart - When we started the business in June 2020, it was quite slow for the initial 2 months. As the marketing engine kicked in, more and more customers started ordering and we have seen an 85%+ retention rate of repeat orders which is very encouraging for the team. The Daily Essentials range and Hydroponic range has also kicked in to give us better growth. We now have over 1,000+ households ordering their regular supply of farm fresh and pre-cut vegetables from us. The vegetables market in India is huge and we see potential in the pre-cut vegetables segment which we believe is just taking off in India.

This is just the start of the journey for VegOrganics, and we plan to grow the brand and take it pan India over the coming years. If you would like to explore our services, log on to www.vegorganics.in or download our app on the App Store and Play Store! We hope to see your order in our lineup soon.

APCRE volunteers to conduct baseline evaluation and guide MSMEs on Safety, Environment, LEAN & ZED activities.

Converting Movement into Motion for Indian MSMEs - Part III (of IV)

Mr. Venkata Subramanian,
Senior Consultant, APCRE



As we build our discussion on the topic "Converting Movement into Motion" we already saw 2T Technology and Training, 2R - Rescale and Reskill. Moving on... whether it is motion or movement, both need energy. Without energy no activity is possible. The best source of energy is always from within. It is true for individuals as well as enterprises. For **MSMEs the energy within is not only effective, it is also cost effective.** What is that energy which is within for MSMEs which will make them to move forward. It is the **2E Entrepreneurship and Empowerment.**

Entrepreneurship Sense - E-Sense has made the individual to start an enterprise on his own and build a business around it. So this word is not new to the person. In today's context the E-Sense should not only be limited to the person who started and owns the business, it has to be transferred and nurtured in everyone in the small enterprise. The CEO has to create environment in the enterprise by which each and every employee, including every operator and even helper feels that he is responsible for his area of work and influence (E-Sense). Her/His job and earning is dependent on her/his entrepreneurial zeal (E-Sense). In the modern day MSME context, the following focus areas can be listed for creating an entrepreneurial environment:

- Result Focus,
- Process Focus,
- Innovation and
- Profit Sharing

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To make the E-Sense as an enterprise culture, the next **E** becomes important i.e. **Empowerment** is important. An Empowered employee alone will be ready to develop her/his E-Sense. Empowerment will not come on its own. The top management has to make a conscious effort to empower everyone based on the positions of the employee. It has to be tailor-made for that person so that it gives maximum effect on the resultant entrepreneurship. Decision making enabler, Removing fear of failure, Sharing reward of success and Fairness in transactions are some of the key factors for developing Empowerment culture in the organization for MSMEs.

With 2T, 2R and 2E, hope the discussion is shaping in particular direction in making movement into Motion. Direction is the key factory which make movement into Motion, but not the only factor... we will see the concluding discussion in the next edition of this series. Stay well... as we start to see a light at the end of the tunnel.

(This article by Mr. Venkata Subramanian, Senior Consultant, APCRE, is in four parts and will continue in the next issue of e-newsletter "PACER.")

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