

NEWSLETTER | PACER | JULY 2021

President's Message



Dear Friends,

I am once again happy to interact with you and to address you through this issue of APCRE's e-Newsletter PACER, July 2021 issue.

Many developments have taken place in the three months preceding this issue. Our country may have to face challenges with the mutation of Covid-19 into the delta variant, which has caused immense human losses. However, with the timely intervention of the Central and State Governments, preventative measures and preparations are in place. People have realized the importance of safety protocols, like masks, social distancing etc. The earlier hesitancy to get vaccinated has, to a large extent, disappeared and people come forward to voluntarily get vaccinated. Some of our members themselves got affected, but recovered, after treatment. Some of our members lost their dear and near ones, and I convey my heartfelt condolences and pray that the worst is over for all of us.

Coming to the industries side, the pandemic has also resulted in shutdowns, resulting in output losses. The silver lining is however, that the lockdowns were lifted in phases which helped to ensure that production picked-up with caution.

On its part, the Government of India came out with a number of welcome measures, by way of giving relief to the financial burden of the MSMEs as well as several others. The Government has also come out with a proposal to start electronic

component manufacturing, and gave a boost to the MSME sector. Another encouraging news is the announcement recently made by the World Bank that it has approved USD 500 Million programme to boost to support MSMEs in India to increase liquidity access for variable small business impacted by Covid 19.

All said and done, the time has come for MSMEs in India to prepare themselves to be stronger global players and dove-tail their activities further to global expectations. Needless to say that upgrading the skills of the workforce is critical. Along with that, inculcating workplace discipline, through different means, is also important.

One of the major challenges for MSMEs is ensuring timely delivery, which affects their reputation. The focus on this issue has to be strengthened, and through appropriate measures, the MSMEs have to focus on ensuring delivery on time. It may not be as difficult a task as it may seem, if MSMEs orient their focus on improving their delivery performance.

On its part, APCRE has designed various programmes, including very short and on-line ones, to support the MSMEs, which are detailed in our website "www.apcre.in"

Our association now has a new set of office bearers and we extend a warm welcome to them and wish that they take APCRE to further heights.

With these few lines, I conclude here and wish you and your families a safe time ahead.

Raghavan Kadambi, President, APCRE

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

Mr. Venkata Subramanian,
Senior Consultant, APCRE

Greetings Friends,

Once again, we are back with our discussion. All of us have been going through difficult situations. At



the same time, we have survived - it is the survival of the fittest. We are fit and running good. In the final section of this series Making Movement into Motion, the final letter we are going to see is E. One more time- 2Es. The fuel for

this motion is Earning. Earning is the first E. Any business - big or small - should and will focus on earning, particularly for MSMEs this is the utmost priority. Earning may look superficial. There are few aspects which bring life to this, they are Positive Cash-flow, Profits, Revenue pipeline, and Return on investments. Each one of them directly impacts the above TRE which we saw in the earlier sections and each one of the TREs will impact the 4 aspects of Earnings listed above. Hence, to maximize the Earnings through the previously discussed topics, with focus and discipline, the second E is Effectiveness comes into picture. Improve the Earnings thru effectiveness. Resources like Man, Material, Machine and Money need to be put to use effectively so that they give maximum value to you.

To improve effectiveness, the above TREs are the guiding light. An effective business increases earnings and increased earnings, fuels motion and the business runs for a long distance and picks up speed and reaches greater heights.

To sum up - Technology and Training, Re-scale and Re-skill, Entrepreneurship and Empowerment, Earnings and Effectiveness – these ideas form the 2 TREEs. With these 2 Trees all of will succeed in

life, take care of the eco-system and nature, and more importantly, lead a purposeful Human life.

Thanks for your patient reading of these thoughts. Glad that I got this opportunity to share this with you.

5S - Workplace Management



Poem by: Mr. K. Amul Chander
5S Champion
Ace Designers Ltd.
HVM 2 Plant
Bengaluru, India

5S is the foundation for success of Quality Circles; Practice 5S continuously whole-heartedly to see the miracles.

1st 'S' **Seiri** helps to dispose off unwanted things from one's work place;

By doing this sincerely, the organization gains plenty of work space.

2nd 'S' **Seiton** helps to identify a place for everything;

By putting things systematically one can create a place for every thing and everything in its place.

3rd 'S' **Seiso** helps to keep the work place neat and tidy;

This has to be practiced honestly by everybody in the organization voluntarily.

4th 'S' **Seiketsu** helps to maintain Standardization; The visual boards help everybody to identify things easily in the organization.

5th 'S' **Shitsuke** helps to maintain and sustain all the good 5S practices in the organization.

5S creates team spirit and belongingness amongst its members and leads to greater customer satisfaction.

So, why wait - Simply practice 5S enthusiastically; Reap the multiple benefits successfully.

Uncertainties during the Pandemic and Lessons for the MSMEs

Ms. Chandrima Chatterjee

Advisor

Apparel Export Promotion Council (APEC)

Demand Side Challenges of MSMEs during Pandemic



The pandemic induced uncertainties since early 2020, have brought in both, demand and supply side challenges for the MSMEs. The major demand side challenges were of the uncertainties in procurement

by the buyers and importers, the shutdown of the retail and wholesale procurement for certain periods in the major markets of India like USA and Europe, reduced purchasing power and demands leading to discounting of the export products and bankruptcy cases of several big retail chains and brands. These demand side challenges of the exporters not only put pressure on the financial situation of the exporters but also called for changes in the production planning, pricing, working capital mobilization, labour force planning and supply chain management.

Supply Side Challenges of MSMEs during Pandemic

On the supply side, the frequent lockdowns and destruction in inter-state movement of goods and human resources posed its own challenges for the manufacturers and exporters. Being a large value chain spread over several states, inter-state movement is a typical characteristic of apparel and textile value chains. With production of raw cotton in some states, yarn and fabric in some states, final garments in some other states, inter-state movement is inevitable. Similarly, with labour surplus states on one hand and deficiency

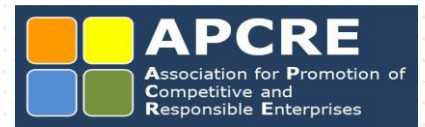
in labour force in some of the major apparel hubs, large scale prevalence of migrant labour has been another inevitable characteristic of the apparel value chain. Given the cost dynamics of such sourcing patterns of inputs and labour, the pandemic and resultant disruptions have several important lessons for the production planning of MSMEs. Given the highly cost competitive nature of the sector and resultant need to ensure cost-competitiveness, the needed changes in production planning had many more challenges.

Lessons for MSMEs

The lessons that the MSMEs need to learn from the above demand and supply side challenges are:-

- Flexibility in production planning.
- Reduced dependence in migrants and contract workers.
- Better inventory planning and management.
- Better working capital management, keeping in mind the longer lead times and payment time.
- Need to diversify buyer base with focus on new buyers from nearby Asian countries.
- Need to diversify product, based with the conscious efforts to move away from low value products to more value added products which can offer longer lead time.
- Adopting better health & hygiene and safety measures and in cooperating them as standard SOPs rather than reacting to time to time covid protocols.
- Better engagement of workers and other stakeholders, in management of health and safety at the workplace through regular training and awareness creations.
- Better engagement and transparency with buyers for better mutual understanding of the constraints and challenges and a collaborative approach to mitigating them during such pandemic situations.

APCRE with PAN-India coverage, brings together a group of practitioners committed to the promotion of competitive and responsible enterprises across all sectors, and engages with national and sub-national entities to achieve this goal.



- Integrating good practices and better management systems for consistent improvement in workplace relationships, monitoring in management of health & hygiene, decentralized reporting and documentation of issues for long term learnings and troubleshooting responses.

New Opportunities

The pandemic has also offered several opportunities, besides the challenges posed. One such opportunity has been the large scale digitization and remote management of export compliances and documentation. The Government especially CBIC, DGFT and Customs have made most of the documentation and compliance requirements online, ensuring ease and greater transparency in the trade facilitation process. The MSMEs need to be aware of it, understand and train their staff dealing in this so that such trade facilitation support of the Government can be best leveraged. Several of the business support organizations and Government bodies have come out with online training modules, training on productivity and other manufacturing related areas. Such platforms should also be optimally used by the MSMEs as these can supplement their limited human and capital resources.

MSMEs in India are the backbone of the manufacturing sector. In apparel & textile, it is especially true. The MSMEs form nearly 80% of the production capacity. Hence the reorientation and capacity building of MSMEs to such emerging challenges that the pandemic has shown us is urgent and necessary. As the employment provider of a large and vulnerable section of the society, the MSMEs also bear the responsibility of ensuring continued livelihoods.



Treading on the path of sustainability in Kolkata Leather Cluster!!!!!!

Mr. Tatheer Zaidi

General Manager

Pollution Management in MSMEs

Solidaridad Asia

The Indian Leather, Leather Products and Footwear Industry holds a prominent place in the Indian economy. This sector is known for its consistency in high export earnings and is among the top ten foreign exchange earners for the Country. Leather industry generates enormous employment as well as export earnings from its production from the by-product of meat industry. The production of skins/hides to leather produces huge amount of sludge in the form of Lime sludge, PTP and CETP sludge. It costs a significant amount of money to transfer this sludge to the dumping zones and this adds to land and air pollution without realization of its economic potential. The solid waste keeps getting piled on in the landfill and when it percolates deep into the land, it contaminates the ground water, putting at risk the entire surrounding ecosystem.

Solidaridad turned the solid waste disposal issues into a wake-up call for solution-oriented green approach. To address this problem and reduce the disposal load to the landfill site, Solidaridad conducted trials with tiles manufacturer to use this sludge as a constituent to make paver blocks. The paver blocks have been identified as a novel way to put the solid-

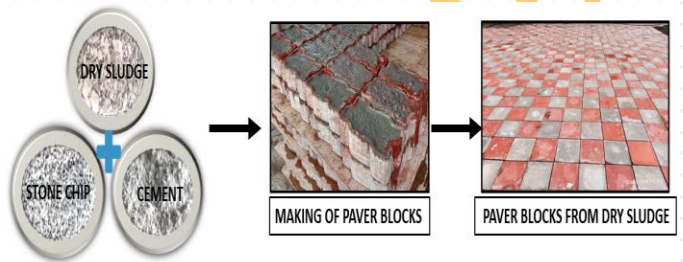


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wastes to good use. Paver Blocks are made by mixing the solid waste produced in the form of tanneries sludge with other constituents (cement, sand, stone chips etc.). Besides addressing the environmental risks of disposal, the reuse of the solid-waste through such value-added products also opens up economic opportunities for the industry. The significant effort and cost of disposing of the solid-wastes from the tanneries are taken care of, instead of paying to dispose the solid waste. The tannery owners can save by supplying the sludge waste to the tile makers. The tile makers can also reap a benefit by making paver tiles from the sludge. Thus, this win-win situation offers great market viability along with reduced environmental risks.

The utilization and conversion of Tannery sludge into paver blocks, holds a great potential to revolutionize the industry practices towards sustainability and circular economy by tapping into the unutilized resource. This will not only have a positive environmental impact but also pave way for a new business opportunity for the tanneries.



'Waste to Walk' Initiative

The newly paved 2,000 sq. ft. checkered pathway at the parking space of the tanning unit- **Dugros Leather (India) Private Limited** in Kolkata's Bantala leather cluster has a story to unfold. The 'Waste to Walk' initiative has been conceptualized over the last six months by **Solidaridad** along with



its partners **Dugros** and **CLCTA**. The paver tiles laid out at the parking lot of Dugros can carry a weight of around **45 N/mm²**. Several scientific analyses were conducted and progressive vendors were identified over the course of time to set a tone of agreement.

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

For Further information, please reach to us at: Association for Promotion of Competitive and Responsible Enterprises (APCRE)

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