



INDIAN INDUSTRIES ASSOCIATION

AN APEX BODY OF MICRO, SMALL & MEDIUM ENTERPRISES

(IN THE SERVICE OF MSME SINCE 1985)

"GOLD GRADE Accredited Association from NABET"

Delhi State Chapter Office

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Ref. No. 4/MSME-GOI/13916

20.05.2020

Shri Piyush Goyal
Hon'ble Minister
Ministry of Commerce and Industry
Government of India

Subject: Regarding difficulties being faced by the MSME Exporters and suggestions for solutions thereof.

Sir,

Indian Industries Association (IIA) is an apex body of MSMEs in North India having more than 8000 members. You are aware about the contribution of MSMEs in Indian Exports. With the clarion call given by the Hon'ble Prime Minister in his address on 12th May for achieving self-reliance for the country, the MSME Sector is upbeat and can contribute significantly in this mission not only for domestic demand but for exports also. However, MSME Exporters are facing few difficulties many of these due to Covid-19 pandemic and lockdown situations. These difficulties if resolved urgently, the Indian Exporters will be able to contribute significantly for the economy and eradicating unemployment problem of migrant laborers.

We are therefore submitting the details of the issues / difficulties faced by MSME Exporters as under with the request that you may kindly get these resolved on priority:-

1. Exporters forward sell their export proceeds. However due to Covid-19 pandemic, production stopped w.e.f 25.03.2019 and shipments could not move. This resulted in non-realisation of the expected export proceeds. Due to this the forward covers of foreign exchange could not be fulfilled. **Government of India may therefore devise a solution to the problem wherein the banks may rollover such Foreign Exchange Forward covers.**
2. Export Credit Guarantee Corporation (ECGC) insures the exporter credits. Though the scheme is good, but its policy terms are not user friendly?. **The policy terms should be simplified so that the compliance becomes easy. Further, the premium rates under the scheme are also high and these should be reduced / waived of for one year to provide stimulus to the exporters under present Covid-19 pandemic & lockdown situations.**
3. **In order to facilitate the exporters in international marketing, MDA grants of Ministry of Commerce & Industry and Ministry of MSME , Government of India may be increased. Further reverse Business Meetings with foreign buyers in India may be organised / facilitated.**
4. Many overseas buyers have cancelled the export orders in this Covid-19 pandemic situation. **Ministry of Commerce & Industry may develop a portal wherein exporters may upload the details of the products of such cancelled export orders and publicise it so that alternate interested buyers within and outside the country could be tapped.** This would help in clearing the cancelled stocks and improve the financial position of the exporters in this difficult time.



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5. Exporters take credit from banks against the orders that they receive. This credit is liquidated from the export proceeds. However due to Covid-19 pandemic, production stopped w.e.f 25.03.2019 and shipments could not move. This resulted in non-realisation of the expected export proceeds. Due to this the export credit remained unliquidated. ***Government of India / RBI is requested to direct the banks to extend the due date of these export credit by 180 days***

6. **Additional working capital of at least 30% be provided to the exporters to fund their immediate working capital requirements.**

We hope, you will find the proposals in the best interest of the Exporters and Indian economy as well as for achieving the objective of self-reliance desired by Hon'ble Prime Minister of India.

Looking forward for your active consideration of IIA's proposals and response thereon.

Kind regards,

Pankaj Kumar
National President
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