

TRADE BRIEFS

SME

VOL 1 ISSUE 1

PRICE ₹ 50

SME

Will GST Impact SMEs?

FOR THE SMES, GST THROWS A MIX BAG OF OPPORTUNITIES AND CHALLENGES TO EXPLORE...

Finally the largest tax reform in Indian history has sailed through the toughest hurricane.

The much awaited Goods and Services Tax ("GST") is finally ready to get constitutionalized as the Upper House of the Parliament has passed the Constitution (122nd Amendment) Bill, 2014 ('the Bill').

Explaining the impact of GST on Indian small and medium enterprises (SMEs), Rajeev Dimri, Leader, Indirect Tax, BMR & Associates LLP, said that GST throws a mix bag of opportunities and challenges for SMEs to explore.

"Irrespective of the bright side of upcoming GST, SMEs must be mindful of its accompanying challenges such as increase in compliance costs and alignment of IT systems with new processes. Thus, for the SMEs, GST throws a mix bag of opportunities and challenges to explore," Rajeev Dimri said in a press statement.

He said, Government's intention behind GST is to expand the taxpayers base and not to enhance tax burden on business/individual tax payers. Much aligned to this objective, Model GST law released by the Ministry of Finance seeks to bring each person with an aggregate turnover of above Rs 10 lakhs within the umbrella of GST. The limit has been kept even lower at Rs 5 lakhs for north eastern states.

This should create a level playing field for organized and unorganized sector by curbing scope of various tax evasion practices such as creation of multiple entities to enjoy high exemption thresholds.

However on the flip side it could vitiate the existing protectionism provided

by the government to Small and Medium Enterprises (SMEs) which necessitates them to get out of their comfort zone as far as indirect tax costs and benefits are concerned.

SME manufacturers, presently exempt (if annual taxable turnover is up to Rs 1.5 Crores) from paying excise duty, would be liable to pay full rate of GST. This may bring their products up for stiff

competition with those of industry leaders in terms of tax costs involved.

Small scale service sector is also likely to face

an increase in tax rate under GST as against the present effective rate of 15 percent. GST is likely to subsume some major Central and State levies such as duties of excise, additional duties of customs (applied in lieu of excise and local taxes), service tax, value added tax,

central sales tax, entry tax, octroi and luxury tax. These taxes in aggregate constitute typically 25 percent to 40 percent of the price of products with certain categories being taxed at lower rates.



Rajeev Dimri

Trading entities should largely welcome GST as it creates a single uniform market for them across the country with improved ease of doing business.

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POLICY

Budget boost for SMEs

A cut in income tax by 5% and presumptive tax reduction of two percentage point to 6% means the beleaguered SME sector that was hit hard by demonetization has something to cheer ...

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FINANCIAL MANAGEMENT

Don't do what you love for a career do what makes you money

The white-haired old guy who inspired me to rush home and write out a five-figure check was not an investment advisor

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INTERVIEW

"SMEs are badly affected, business is down 50%"

V Sundaram, the president of the Coimbatore Small Scale Industries Association, along with Vanitha Mohan of the Indian Chamber of Commerce and Industry

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EXPERT ANALYSIS

How a Harvard economist can help us understand appeal of Modi's note ban

Four months after one of the biggest economic experiments the country has seen in many years, the jury is still out on how far

2ND GARMENT SHOW OF INDIA



Date: 4-5-6 June, 2017

Venue: Hall no.7, Pragati Maidan, New Delhi, India

Organiser: Saina Events

Garment Show of India 2017 is organised by the Saina Events is scheduled to take place from 4-6 June 2017 at Hall No. 7, Pragati Maidan, New Delhi, India. GSI is the only fair that is being organized in capital of India, New Delhi which is the central point of all business activities happening all over India. The fair aims at bringing brands, manufacturers, online retailers, wholesalers, agents all under one roof. Moreover, the fair is promoted through various road shows and promotional campaigns in cities like Ludhiana, Chandigarh, Ambala, Meerut, Jaipur, Amroha, Indore, Surat, Ahmadabad, Mumbai, Bangalore, Delhi, NCR so that every small, medium and big retailer/manufacturer related to domestic garment industry is part of the show.

AMBIENTE INDIA 2017



Date: 20-21-22, June 2017

Venue: New Delhi, India

Organiser: Messe Frankfurt

Messe Frankfurt India is pleased to announce the fourth edition of Ambiente India, the premier trade fair for Homeware, Interior Decor and Gift Articles targeting business visitors across India.

Ambiente India is also a major player in the high-volume sector. As the most significant platform for consumer goods, it offers a wide spectrum of merchandise in the three product areas – Living, Giving & Dining which comprises of handmade items to industrially manufactured products.

Acknowledged as a renowned business platform world over, Heimtextil India 2017 offers unparalleled opportunities to sector players of home furnishing and textiles to discover international trends, generate quality leads and grow their businesses. Its aim is to create an equally unmatched platform for the Indian market.

Serving as a launch-pad for new ideas and product innovations, Heimtextil India 2017 will bring together design innovations, fresh colour palettes and future-oriented materials as well as trends across the textiles furnishing product categories.

4TH HEIMTEXTIL INDIA 2017



Date: 20-21-22 June, 2017

Venue: Pragati Maidan, New Delhi, India.

Organiser: Messe Frankfurt India Pvt Ltd.

SPS AUTOMATION INDIA

Date: 8-9-10 June, 2017

Venue: Bombay Convention and Exhibition Centre, Mumbai, India

Organiser: Messe Frankfurt

SPS automation India is one of the leading exhibitions in India for process & factory automation. It aims to become the sourcing hub for systems and solutions that manufacturers can use to enhance productivity. Co-located with Motek India-International trade fair for automation in production and assembly and Control India-International trade fair for quality assurance.

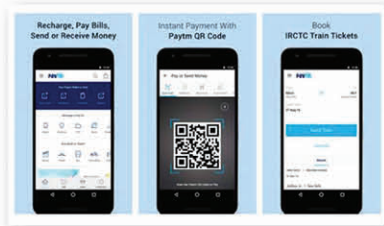
INDIA WAREHOUSING SHOW 2017

India Warehousing Show is a well-established exhibition for logistics and supply chain professionals, taking place every year at New Delhi. Established with 7th Edition of proven track record, the most talked-about and recognized trade exhibition in the Warehousing, logistic, supply chain & allied Industries is back to provide you with an all-rounded beneficial participation. This exhibition is scheduled to be held from 27 July- 29 July 2017 at Hall 8,9,10,11 at Pragati Maidan, New Delhi, India.



No matter where you are in the development channel, IWS gives you an access to experience and find insights, significant information, advanced technologies, networking opportunities and valuable contacts – all under one roof.

NIELIT to train small traders in digital payments



National Institute of Electronics and Information Technology (NIELIT), under the Ministry of IT and Electronics, would conduct the programme through five regional workshops, 30 state workshops and 100 DigiDhan campaigns. At the regional level, the programme will be rolled out in Delhi, Jaipur, Kolkata, Chennai and Mumbai. “We need to recognise that this is the changing face of India. The country is undergoing a digital transformation backed by 108 crore mobile phones, 50 crore internet users and 111 crore Aadhaar holders,” IT and Electronics Minister Ravi Shankar Prasad said while launching the initiative.

SAP launches ‘GST in a Box’ to help SMEs



German software company SAP SE recently launched ‘GST in a Box’ - an all-inclusive solution portfolio to help the Indian firms become GST compliant. The ‘GST in a Box’ solution enables organisations to effectively manage suppliers, customer engagement and supply chain in the new tax regime. “Out of an estimated 4-5 billion invoice uploads that will happen every month, since more than 40 per cent of transactions will pass through an SAP system, we will help Indian corporates swiftly get compliant with this new law and ensure that businesses benefit from the GST vision,” SAP India said in a statement.

Destination China for India’s handicraft

At a time when Chinese imports have flooded the Indian market, India is managing to push its handicraft there in much bigger numbers. Handicraft exports are likely to more than double from Rs 308 crore in FY15 to Rs 650 crore this year with China demanding more of metal-based craft and block printed items.



“China is taking a lot of interest in our handicrafts because this is a dying craft there and it is also facing higher labour costs,” said Rakesh Kumar, executive director, Export Promotion Council for Handicrafts. High cost of labour is making it difficult for local producers to meet the demand there. Earlier, the Chinese would buy home and furnishing related products but now they are also buying products with high end embroidery and tie & dye work.

Cibil pegs MSME bad loans at Rs 55,000 crore...

Warning that the banking industry is staring at a potential stress of nearly Rs 55,000 crore in its MSME exposure, Transunion-Cibil recently launched a ranking for small businesses to take care of ‘information asymmetry’. It estimates the gross non-performing assets (NPA) ratio for MSMEs - which it defines as those having total exposure between Rs 10 lakh and Rs 10 crore- to rise to 9.8 per cent by end March from 8.7 per cent a year ago. The Cibil MSME Rank (CMR) will rate the 2.1 million MSMEs having borrowing histories on a scale of 1-10 by going through the seven-year repayment history for them. The ranking will be based on a variety of factors including payment history and defaults if any.



Further anti-dumping duty extension detrimental for SMEs: EEPC



Any move by the government to extend further protection to large steel makers by imposing anti-dumping duties would be detrimental to small and medium enterprises, engineering exporters’ body EEPC India has said. The statement comes soon after the government extended anti-dumping duty by two months on certain cold-rolled flat steel products from four nations including China and South Korea to guard domestic industry from cheap imports. “Any move to further protect the steel makers, most of whom are large scale big houses, would be at the cost of hundreds of thousands of the SMEs whose product cost is rising because of increase in steel prices,” EEPC India Chairman T S Bhasinsaid.

Cash credit limit for MSMEs raised to 30 per cent: Arjun Ram Meghwal

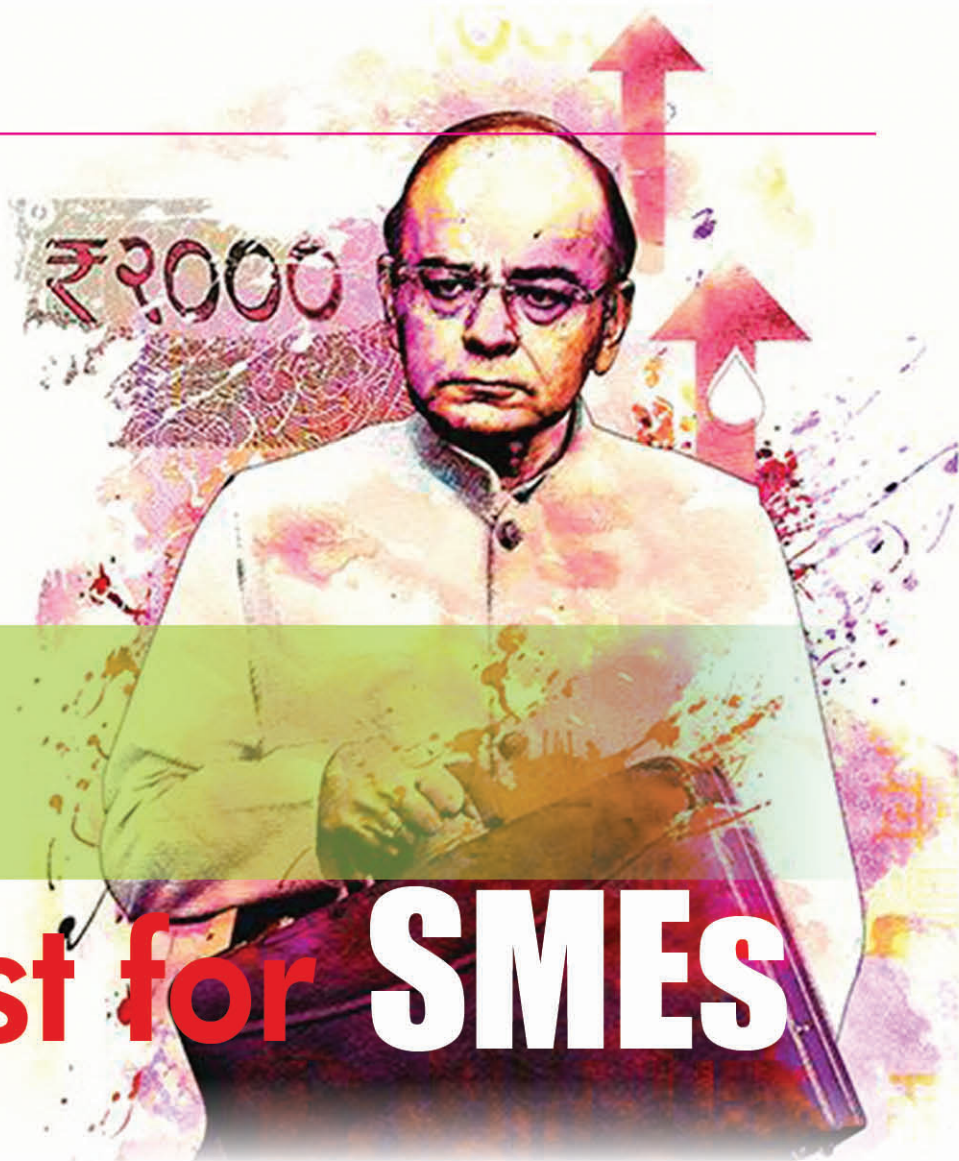


The government has increased the cash credit limit for micro, small and medium enterprises (MSMEs) to 30 per cent of turnover from the existing 20 per cent to encourage such ventures conduct businesses digitally, Minister of State for Finance Arjun Ram Meghwal said recently. “We have taken the decision that the CC (cash credit) limit be increased to 30 per cent of turnover from existing 20 per cent,” the minister said. By taking up digital transaction, the balance sheet of companies would be “clean” and MSMEs would get loans from banks, he added.

MSME Ministry to come out with an app for barbers



The MSME Ministry is in the process of bringing out an app for small-time barbers for managing their customers’ data besides maintaining accounts, according to a ministry official. “The ministry is developing the app. We have already started the work. Barbers can send messages to their customers about their schedules for haircut. We are taking inputs from various people. It is not for major saloons. It is for smaller saloons,” K KJalan, Secretary of MSME Ministry said. The Ministry is also taking inputs from renowned hairstylist Jawed Habib, though the App is basically meant for small time barbers, he said.



A CUT IN INCOME TAX BY 5% AND PRESUMPTIVE TAX REDUCTION OF TWO PERCENTAGE POINT TO 6% MEANS THE BELEAGUERED SME SECTOR THAT WAS HIT HARD BY DEMONETIZATION HAS SOMETHING TO CHEER

Budget boost for SMEs

Reeling under the pressure of demonetization, Finance Minister ArunJaitley while presenting his Budget focused on startups, and the small and medium enterprises. It meant several tax SOPs for the sector. ArunJaitely said that corporate tax has been reduced from 30% to 25% for those with an annual turnover for less than Rs 50 crore.

For SMEs with turnover up to Rs 2 crore, the finance minister said that the presumptive tax will be lowered from 8% to 6%, lowered the financial burden, and boosting small merchants. For startups, who have been clamouring for tax incentives, the finance minister announced that they will have to pay taxes for three out of seven years (up from five last year), only if they make profits. ArunJaitley's dole outs are in addition to what Prime Minister NarendraModi presented on December 31. He announced an increase in the credit guarantees for this sector from Rs 1 crore to Rs 2 crore.

This cash-based informal sector constitutes over 90% of all enterprises and is the largest employment provider. Besides,

the MSME sector is not yet ready to adapt the goods and services tax (GST) and with the new tax regime set to be kicked in by September could add to their woes.

The 12th Five Year Plan of the government underlined that a sum of Rs 24,000 crore was required to be directed to the sector for healthy growth. Public sector banks that are mandated to lend a certain proportion of their total loan kitty to the micro small and



medium enterprises have urged the Reserve Bank of India to relax the credit rating parameters for these entities. Credit flow towards the MSME sector has been thinning due to a surge in non-performing assets (NPA) in banks.

Most banks have been shying away from financing them due to stringent provisioning norms and default rate among the MSMEs have been rising.

The budget, however, did not highlight any measures to ease funding and fund pick-up. There were no measures for banks who worry about loan defaults.

TIES to boost exports

Underlining the need for synergising efforts between Centre and states to boost the country's exports on sustainable basis, Commerce and Industry Minister NirmalaSitharaman said it is trying to formulate a scheme which could provide financial support and create export infrastructure in states.

"There is an immediate need to synergize our efforts and jointly take appropriate steps to boost India's exports — which is the only sustainable way in today's international trade environment," the minister said.

Since January 2016, the centre has managed to contain trade deficit due to controls on imports, she said. Further, she had also asked states to consider higher allocation of resources for export infrastructure from their increased devolution of funds to which "I expected that at

least the ongoing Assistance to States for Development of Export Infrastructure and Allied Activities (ASIDE) projects would be completed by the states. I am still awaiting an affirmative action on this from the states."

"I hope, we can soon succeed in achieving a consensus for the roll out of this scheme - Trade Infrastructure for Export Scheme (TIES)," NirmalaSitharaman said, adding so far only 17 states have developed their export strategy aligned with the national policy on trade. The minister said that the Department of Revenue has promised to refund tax claims of exporters within seven days under the new GST regime.

Exporters have been demanding exemption from payment of taxes under the GST regime. NirmalaSitharaman said, the exporters were recently assured that on 90 per cent of the amount of refund, within seven days, the refund will be made and if there is an undue delay, interest will be paid on the amount due. The remaining 10 per cent will be subject to whatever verification revenue department is required to do.

SMEs that embrace digital tech grow faster

A NEW RESEARCH SHOWS THAT DIGITAL TRANSFORMATION HAS A BIG IMPACT ON SMALL BUSINESSES AROUND THE WORLD...

R Small and mid-sized enterprises that have embraced digital technology show faster growth than companies that have not, according to new research. In a global study of 3,210 SMEs, conducted by analyst firm IDC for IT company SAP, 39% of respondents said active participation in the digital economy will be essential to their company's survival in the next three to five years.

SMEs in the study that had grown revenue by 10% in the previous year – one third of all respondents and 45% of those with between 500 and 999 employees – said they are “well underway” in applying technology to connect people, devices and businesses. At

least half of SMEs across all regions surveyed said they use collaborative software as a result of their digital transformation, making it the most used technology in the survey.

CRM and business analytics software were the next most used by SMEs, with at least 38% and 37% of respondents in every region using the respective technologies. Between 53% and 60% percent of SMEs surveyed said new technology solutions have allowed them to begin or continue revising their workflow and processes to streamline operations and improve productivity

The results of the study indicate that SMEs around

the world understand and benefit from the value of analytics, collaborative and customer relationship management (CRM) software to help them run simpler and compete with larger enterprises. The research also revealed that SMEs are conscious of certain risks and challenges associated with digital transformation, many of which were most prevalent among respondents in North America, Asia Pacific and EMEA. A quarter of respondents in North America, for example, said they have “done little to no



work” regarding their digital transformation.

Meanwhile, around a third of SMEs surveyed agreed that personal relationships among company employees have not been strengthened by their adoption of technology, with larger companies agreeing more. Between 35% and 45% percent of the SMEs surveyed were “concerned” that they will rely too much on data to make effective business decisions. This concern was more prevalent among larger SMEs.

90% SMEs in India look to cloud solutions for efficiency

THE RISING AMBITIONS OF SMES AND THE EXPECTATIONS OF THE MARKET ITSELF ARE FORCING THEM TO COMPLETELY RECONSIDER TRADITIONAL BUSINESS MODELS AND ADOPT CUTTING EDGE TECHNOLOGIES LIKE CLOUD

Indian small and medium enterprises (SMEs) are looking to the cloud, analytics and mobile solutions to improve operations and become more efficient, according to a new research report by Circle Research, according to a press release issued by enterprise application software company SAP, which sponsored the research.

The rising ambitions of SMEs and the expectations of the market itself are forcing them to completely reconsider traditional business models and

research study, which is based on interviews with 800 senior decision makers in SMEs with up to 1,000 people.

The research yielded four key findings. First, SMEs recognise the value of cloud and have begun their transition. Ninety per cent of SMEs in India feel cloud adoption is increasingly important for enabling business success. The adoption of cloud is helping them to innovate. Additionally, 87 per cent of very ambitious

mobile solutions will play an important role in achieving their ambitions.

Second, SMEs in India are ambitious and want to be first adopters of new technologies. The biggest single ambition for SMEs in India is customer success (44 per cent), followed by 34 per cent who are keen on achieving growth and 12 per cent for business improvement.

Third, for Indian SMEs, growth is primarily driven by new products – 76 per cent of those for whom achieving growth is an ambition give high importance to introducing new products, while 74 per cent focus on increasing revenue.

Finally, Indian SMEs are showing good progress in being market-ready. On average, Indian SMEs are 77 per cent of the way along in their journey to being ready for achieving their growth ambitions.



adopt cutting edge technologies like cloud, according to the

Indian SMEs believe enterprise applications, analytics and

Challenge of financing SMEs

India is home to about 26 million small enterprises (with investments less than 50 million) that account for about 20 per cent of the country's GDP. While small enterprises drive economic growth with their ability to innovate and employ in large numbers, the biggest challenge faced by them is access to finance.

Small enterprises, such as brick-kilns, grocery stores and small restaurants, need finance to purchase raw materials, procure stock, pay wages, meet other working capital requirements and support expansion plans.

Despite the efforts of Ministry of Small and Medium Enterprises, SIDBI and support from the RBI by inclusion under priority sector, there continues to be a huge demand-supply mismatch in small enterprise financing.

One of the major reasons for banks/financial institutions (FIs) being unable to bridge this gap is the perceived credit risk involved in financing small enterprises. This is primarily on account of non-availability of valid bills, proper accounting systems and lack of known buyers.

To mitigate such credit risk, banks typically look for enhanced collateral or traditional equity, both of which cannot be brought in by most entrepreneurs. Further,

due to their small size and local presence, the transaction costs involved in financing them are very high.

ASSESSING LENDING RISKS

In the face of banks'/FIs' reluctance to lend, these enterprises are compelled to resort to high cost, non-continuous financing from money lenders and other informal sources, or continue to operate at sub-scale. Banks charge an interest rate of 10-20 per cent, compared with 36-70 per cent from informal sources like money lenders. Risks faced by any business can be broadly classified as idiosyncratic or systemic. Idiosyncratic risks are specific to an enterprise, like location of business or skill of the entrepreneur.

Systemic risks, on the other hand, are beyond the control of any enterprise. Such risks make up the environment in which a business operates. Risks due to change in preference of customers, a catastrophic event, and changes in economy are all examples of systemic risks.

The key to financing any enterprise lies in the ability of the financier to evaluate and

manage such business risks. High quality origination can help evaluate idiosyncratic risks well. Traditional equity acts as a cushion for such risks. A high quality local originator with geography and business specific information about such enterprises in the operational area will be able to evaluate and manage this risk well and will demand lesser traditional equity to be brought in by entrepreneurs.

Systemic risks, however, are a different ball game. No amount of traditional equity is sufficient when the financier is uncertain about an enterprise selling anything at all in an environment where demand patterns and economic situations can change very quickly. A financier searches for cues to establish that the business has a current and future ability to service loans, even in an uncertain business environment. For small enterprises that have large number of cash transactions, poor record of sales, produce undifferentiated goods and lack known clients, assessment of systemic risk becomes very difficult.

Such challenges can be addressed through structures that allow financiers to trap cash flows, or by resorting to a stronger and well established sales pattern in a supply chain.

FINANCING METHODS

Some ways of financing small enterprises are as follows: Supply-chain financing, where a supplier and a buyer with

known balance sheets can be financed.

For example, small enterprises that manufacture and supply jam to large players can be financed if their cash flows are trapped through bills, or by obtaining a collateral/guarantee/comfort letter from the company to which it supplies.

This can be adopted by many financial intermediaries, even large banks. The method has its limits because it requires careful mapping of supply chains. Lending through a local financial intermediary who can verify cash flows and income of the enterprise and finance them through relationship-based approach is another option.


A local financial intermediary who understands the working capital cycle, seasonality, procurement place and mode, point of sales, and demand for the product or service, can finance small enterprises based on an understanding of the geography in general and various aspects of the business in particular.

A local intermediary can ascertain turnover, income and other key financial information required to arrive at a credit decision about the enterprise.


Business-specific templates can be developed for each small enterprise and a master limit can be fixed taking into consideration the scale of business, projected sales turnover and surplus they would generate.




TradeBriefs produces 14 daily B2B newsletters in different industry verticals in India. The total opt-in audience for this is 1 million+, of which over 2 lakh are top management (CXO, Director, Proprietor, Owner, President, VP). We also have audiences from leading industry associations like Retailers Association of India (RAI) and Internet and Mobile Association of India (IAMA).




Total Audience
1,246,782



Top Management
259,356



SME Audience
314,035



Corporate Email IDs
623,390

Audience by Industry

Industry	Total Audience (in lakhs)	Top Management (in lakhs)
Retail	280,000	50,000
Franchise	30,000	10,000
Finance	40,000	15,000
Digital	100,000	20,000
Business	90,000	15,000
FMCG	90,000	15,000
Software	170,000	30,000
Ecommerce	40,000	10,000
Telecom	50,000	10,000
HR	30,000	5,000
Logistics	10,000	5,000
Marketing	10,000	5,000
Construction	40,000	10,000

Audience by Location

Location	Percentage
Mumbai	20%
Delhi	20%
Bangalore	26%
Kolkata	15%
Pune	3%
Chennai	5%
Hyderabad	5%
Ahmedabad	3%
Rest of India	3%

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TRADE BRIEFS 7

DON'T DO WHAT YOU LOVE FOR A CAREER



The white-haired old guy who inspired me to rush home and write out a five-figure check was not an investment advisor or a lifestyle-design guru. I never even learned his name. We only met because I happened to be sitting in the café car of a Washington DC-bound Amtrak when he got on board and started drinking.

Do not make eye contact with a man gulping Bud Lite first thing in the morning, I told myself. Then, because I'm a weirdo, too, I looked up and made eye contact after all.

"It's my last day of work," he explained. "From tomorrow on, I'm retired."

That changed things. Suddenly, the least I could do was buy him another beer, and let him tell me how he'd been making the same commute every weekday since a year before my birth. No, his wife wasn't retired too; she'd died a few years back. What he hoped to do now was travel, maybe do a little volunteer work. "I'm lucky I'm still able to physically enjoy things," he said.



I went home that night, having thought all day about what it would be like if I waited until I was 65 (or even 45) to retire. Would my husband be dead by then? Would I be so drained after a lifetime of work that I'd just be grateful I could still walk and eat?

With all this in mind, I sat down and I paid off my last remaining debt in the world: What was left of my mortgage. After the check went through, the balance read, "PD IN FULL."

This was possible only because, however, coming out of grad school eight years ago, I made a deeply unsexy career choice: To work full time for money, not passion.

I know, I know—it's not exactly the stuff of magazine covers. And on one level, this approach goes against everything our culture tells us we should do with our careers. Everyone from your graduation-commencement speaker to your parents' neighbors to your best friend will likely urge you to use your talents to pursue your dream job no matter what.

Eight years ago, I was living with my in-laws. I had \$300 in my checking account, no health insurance, and \$22,000 in student debt. And what could possibly be wrong with urging people to do what they love? What kind of monster would urge people to consider a petty little thing like financial security? Let's face it: No one has ever designed an inspirational poster of an eagle soaring over a canyon with the caption, "Actuaries make decent money—lots of stability, too."

But there's something to be said for financial stability. Eight years ago, I was married and living with my in-laws. I had \$300 in my checking account, no health insurance, and \$22,000 in student debt. All of which highlights the first caveat about this pursue-your-passion business: It's probably much better advice for someone who's born rich, or holds a tenured academic position, than it is for the rest of us 99 percenters.

That's not the only argument to be made against it, either. For starters, it's almost always worthwhile to think through the contrarian view of any pervasive cliché. As Miya Tokumitsu wrote in her viral 2014 article for Jacobin, the do-what-you-love mantra can end up devaluing necessary but unglamorous labor—as well as the working-class people who perform

it. (Nassim Taleb, Alain de Botton, and Mark Greif have offered up their own criticisms, too.)

And are we really so sure that the best thing to do with passion is attempt to monetize it, anyway? Why assume it's easier to turn passion into money than it is to turn money into passion? Why not side hustle for love, and keep the filthy hands of commerce off our art or beloved hobby?

What if you don't have a grand passion, anyway? Lots of people don't. Hell, just keeping the lights on is a tall enough order for a vast majority of people.

Beyond the basic flaws of a philosophy that urges emotion over practicality, there's a strong, proactive case to be made for choosing a career based on money. Here are just a few of the things I've come to realize over the course of my career:

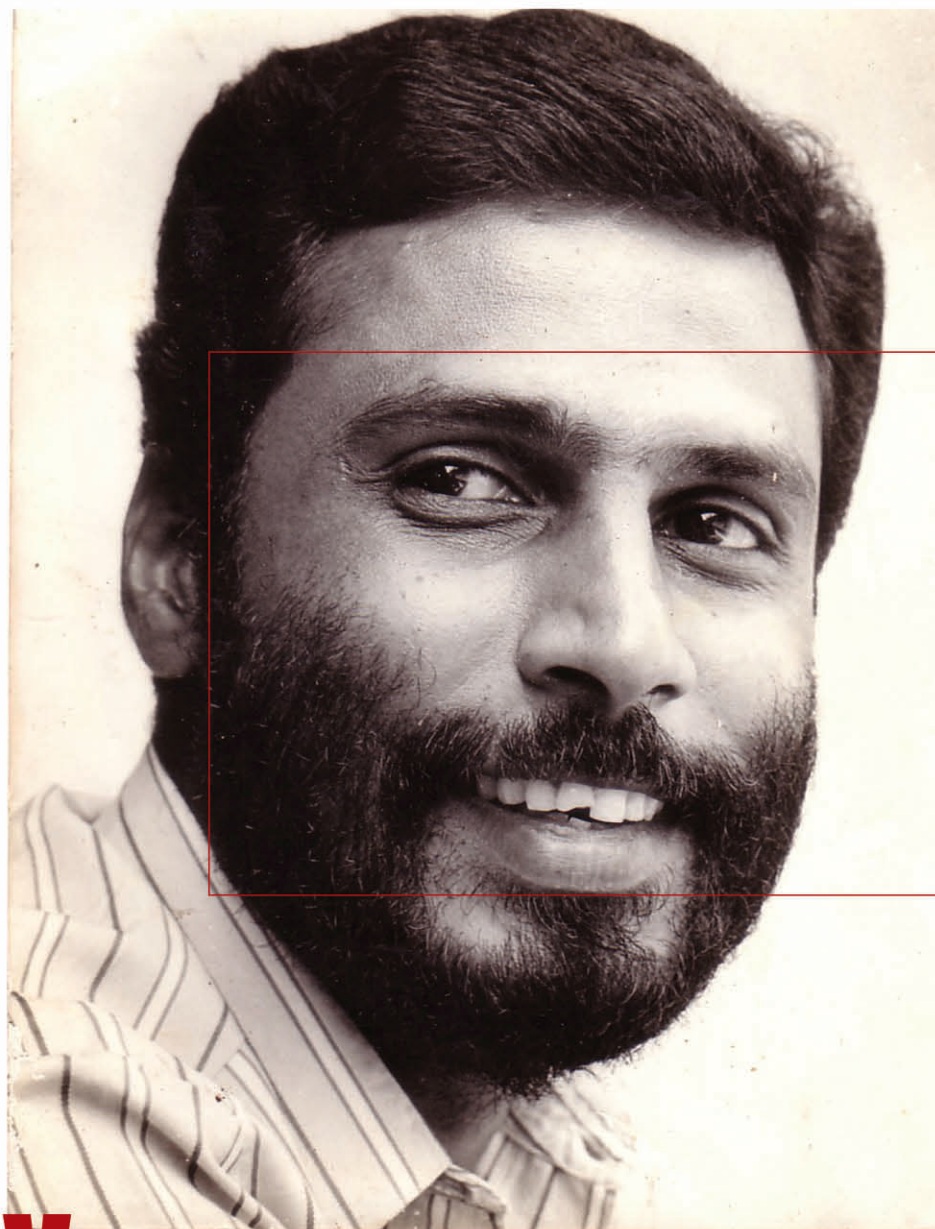
1. Working for money gives you a welcome clarity of purpose. If you're like me, and you spend a lot of your time wondering about life's big questions (and spilling La Croix down the front of your shirt), then it's a humongous relief to have total focus in at least one arena. Working for money is like a tropical-island-screensaver of the mind. You always know what you are doing. There's no confusion.

What's more, it's worth considering the motives of those who want to convince you to work for love, not money. Maybe they're clouding the issue so they can pay you less than you're worth.

2. Most of life's problems are intractable. Money is that rare problem that's possible to (mostly) solve. Say you've got a difficult relationship with your Mom. That's something you may eventually learn to cope with, sure. But because you're dealing with the wild variable of another person, this is not a situation that you can really solve for.

Money is different. Pile up enough of it and you can drastically alter your circumstances, eliminating the worry of sudden medical bills or, eventually, your kid's college tuition. I'm not saying it's easy—far from it—but it is possible.

3. The sooner you have money, the less money you need. Every dollar you save and invest in your 20s and 30s becomes many dollars because of compound. ■



**‘SMEs
are badly affected,
business is down
50%’**



V Sundaram, the president of the Coimbatore Small Scale Industries Association, along with Vanitha Mohan of the Indian Chamber of Commerce and Industry and K K Rajan of the Southern Indian Engineering Manufacturers Association, representing 52 associations from Coimbatore district, met several central ministers and prevailed upon them the difficulties the Small and Medium Enterprises sector has been facing because of demonetisation. V Sundaram talks to Tradebriefs Noel Fernandes about the problems the SME sector faces now.

You and other representatives met several central ministers. Why did you go to Delhi?

Because of demonetisation, we are facing a lot of problems which we wanted the ministers to know. There is no money in the banks for us to withdraw. They have put a cap of Rs 50,000 which is not at all sufficient for us. Moreover, we are not able to get even that amount. ATMs are not working. We also need smaller denominations in large numbers. Officials from various government departments are asking us to open bank accounts for all our employees. Though our employees have bank accounts, they do not want us to transfer money into their accounts. They want cash. They do not want to stand in queues in banks for their wages.

It is another matter that banks do not have enough money to give everyone. These are some of the problems we face ever since demonetization happened which we wanted the government to understand. That's why we decided to meet them in person and apprise them of the situation.

What was the government's response?

They were patient and positive. In fact, we went there without an appointment. We just went to Delhi and met the ministers of state for finance, information technology

and labour.

How do they plan to solve the problems you face?

They assured us that they were working to solve these problems. They call us every day to get updates on the ground realities. We hope the problems will be sorted out in the next one or two weeks.

How much has the SME sector been affected because of demonetization?

I can only say we are badly affected. In November, we could manage with the old currency. This month, we do not have that luxury also. 30% to 35% of our work force is migrant labour and they want only cash. If we don't give them cash, it becomes extremely difficult for them to manage their day to day activities. Most of them have gone back home and we are suffering from shortage of labour. Naturally, business has gone down.

How much has it gone down in the last couple of months?

A sample survey found that we are down by 50%. In Coimbatore, there are many pump manufacturers and they are badly affected. As they deal with farmers, the transaction is always done in cash. Because of the cash crunch, dealers don't come to buy the pumps as farmers pay only cash and they don't have cash now. You must understand that we the small scale industries in Coimbatore welcome demonetization; we are not against it at all. We would never say that. But we are facing a lot of problems currently because of demonetization.

Do you believe that demonetization will flush out black money?

To some extent, it will flush out black money. When the GST (Goods and Services Tax falls into place, black money will

slowly go out of the system. More than black money, what we are bothered about is rampant corruption. Wherever we go, we suffer because of corruption. Black money is the government's problem and corruption is the entrepreneur's problem. Yes, both of us have problems and if the country has to move forward, both these problems have to be solved.

Are we ready for a cashless economy, particularly the SME sector?

90% of all the workers in Coimbatore earn Rs 500 a day and all of them have LPG cylinders at home. All those who have an LPG cylinder have a bank account.

So, I would say we are ready for a cashless economy. What the government wants us to do is transfer money to their accounts and allows them to withdraw from their accounts.

When there is no money in the ATMs, how are they going to get money?

Only the migrant labourers who constitute 30% to 35% do not have bank accounts.

It is also said this move will increase NPAs (non-performing assets) in the sector?

Normally if a company doesn't perform, it is declared as NPA in 90 days. In our memorandum to the government, we have also asked for an increase in the time period. They have promised us to consider our request. We have also asked for a waiver in the interest and moratorium on term loan until this problem is settled.

What are the major challenges the SME sector faces now?

The major challenge is availability of money. When we had the weekly pay day, and monthly pay day, many companies had to put

money into the accounts of even our relatives so that all of them could withdraw Rs 24,000 and give it to the company and we could pay the employees. This is not the way to run a business. If we don't pay employees in cash, they will quit and go back to their villages. It is important for us retain employees whom we have trained.

Do you expect the economy and the sector to revive by the end of December like the prime minister has promised?

Rs 15 lakh crore have returned into various banks and all the banks are full of cash now. 50% of this was unused money or money that was not in circulation.

It is time the government brings down the interest percentage, from 12% to even 5% or 6%. The effect will be that the cost of manufacturing will come down. This will be a big boost to the economy. When GST comes into place, all the companies in the unorganized sector will come into the organized sector. As there is uncertainty over GST, I cannot commit myself about a particular time frame for the revival. The question is whether the GST Bill will come into existence in April 2017. We are not sure about this. I would say, black money, corruption, GST; all are inter-related. The prime minister asked all of us for 50 days. We have waited so far. Let us wait for a few more days. We hope and tell ourselves that once money comes into the banks, everything will be fine.

Do you feel people are getting impatient now?

Everybody is impatient and frustrated now. All of us are patiently waiting only because everybody understands that it is for a good cause. But nobody expected the slowdown to go for these many days. Unfortunately, it is an unbelievably bad slow down.



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4 key areas of HR every SME needs to understand

As a small business owner, it's time to step up and fully understand what you need to do to improve in your HR process before things go wrong

One of the biggest problems I've seen during my time in the SME space is the struggle SMEs are having with HR. Because small business owners are so busy juggling everything that comes their way, taking care of HR often gets pushed to the bottom of the to-do list – until something goes awry.

Sometimes, it's a former employee launching a claim against the business which wakes them up. Sometimes, it's when the time for an annual review creeps up, but their paperwork isn't up to

Recruitment and onboarding

Recruiting good staff is arguably one of the most important aspects of running a small business. Without the right staff, your business won't have the foundation it needs to grow.

In terms of recruitment, you need to have a clear idea of who you're after before you even start recruiting. This can be done by creating position descriptions and selection criteria. Employment contracts and new hire documents should be specifically tailored to the employee's role and needs.

Having good onboarding after the appointment is equally important. To retain your new hire, you need to make sure their introduction into the company leaves them with a good impression, or they'll quickly lose investment and interest.

Implement a checklist or procedure which covers all the technical areas of onboarding but also allows for the onboarding experience to be a personalised one, and you will have more success with keeping good employees.

Compliance and industry requirements

You need to revamp your HR before it gets to the stage of finding yourself battling a disgruntled former employee at Fair Work.

Failing to miss a legislative change to industry requirements can spell costly and stressful legal proceedings for some SMEs. For example, if an employee of 10 years leaves your company after a dispute, clauses in their employment contract may not be compliant anymore if you didn't keep their contract up-to-date. This means some of the provisions could be void, increasing your legal risks if the matter goes to court.

It's important to be aware of updates to state and industry requirements in areas such as WorkCover, awards, penalty rates and accreditation, so your business isn't at risk of noncompliance.

Address compliance risks in advance – make sure your HR system provides documents, contracts, and processes that are regularly updated by legal experts, per industry changes and regulations.

date. Whatever the case, not putting emphasis on HR is a mistake SMEs can't afford to make.

So, instead of sticking your head into the sand and hoping everything will be fine, as a small business owner, it's time to step up and fully understand what you need to do to improve in your HR process before things go wrong.

Here are four key areas of HR every SME needs to understand:

Workplace policies

You'll need to ensure your workplace policies are updated, reviewed and implemented correctly across the board.

Good workplace policies are written to be consistent with your business values, compliant with legislation, and ensure consistency in HR decisions. Some policies you may want to consider updating and implementing include the code of conduct policy, internet and email policy, drug and alcohol policy, WHS policy, anti-discrimination and harassment policy, and a discipline and termination policy.

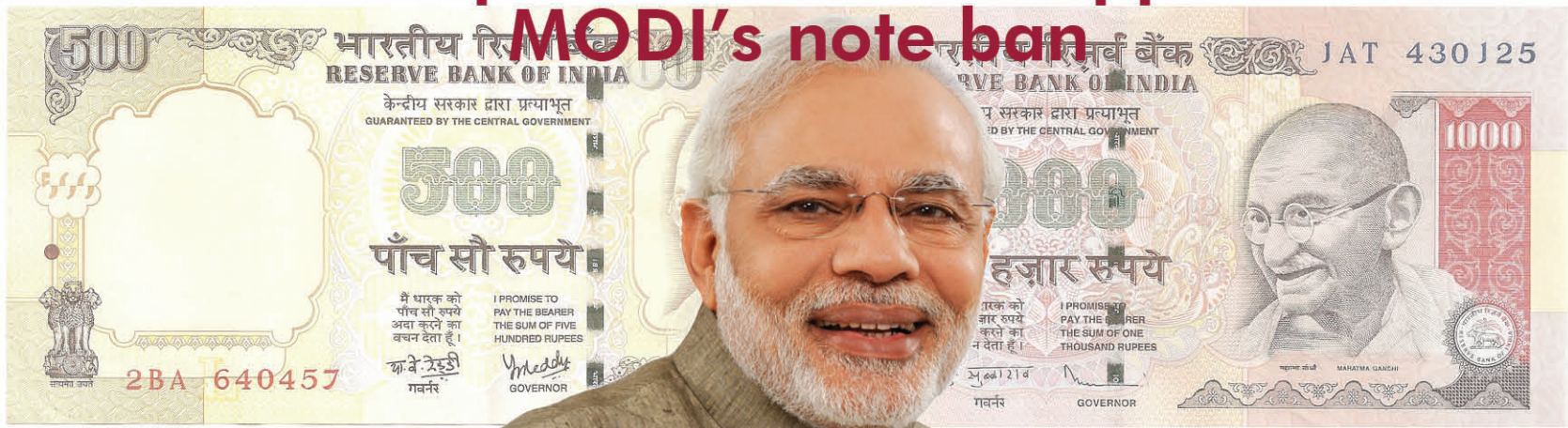
Administration and record keeping

Cutting back the time you need to spend on admin is especially important if you're looking to expand your business. The less time you need to spend on traditional HR paperwork, the more time you'll have to focus on what's important – the successful running of your business.

It is much more effective if you have employees working on their area of expertise rather than getting caught up in small administrative issues. In a larger organisation, they may have an HR team or specialised HR department to deal with paperwork such as employee data and records, payroll, timesheets, complaints and so forth.



How a Harvard economist can help us understand appeal of MODI's note ban



Four months after one of the biggest economic experiments the country has seen in many years, the jury is still out on how far and in what way Prime Minister Narendra Modi's currency-scrapping gambit (or notebandi, in popular parlance) has impacted the economy. However, the verdict on its political appeal has rung out loud and clear across several states that saw elections to their local bodies and assemblies. From Odisha and Manipur in the east to Maharashtra in the west to Uttar Pradesh and Uttarkhand in the north, voters in almost all corners of the country have flocked to Modi's Bharatiya Janata Party (BJP) in greater numbers than before.

To be sure, elections are seldom won on account of a single issue or motivating factor, and voter choices are often a mix of complex factors involving calculations of caste, creed, winnability and governance. Yet, notebandi could have altered all such calculations if voters were really upset about the move.


The success of Modi and his party so shortly after one of the most disruptive economic experiments India has seen suggests at the very least that voters have not turned against the party and the man behind such disruption. On the contrary, the phenomenal appeal of the BJP across the length and breadth of the country suggests that the move has appealed to a wide section of voters.

There are two possible explanations for this. One that notebandi was not really an economic shock and its impact on the economy was mild or neutral and hence it did not upset voters. A casual look at the third quarter estimates of India's gross domestic product (GDP) growth may point towards such an explanation. But a closer look at the numbers and the way they are calculated suggest that the estimates are not designed to pick up changes in the informal economy adequately, and hence may have completely missed the real shock of notebandi. A 2015 Plain Facts column had highlighted such methodological challenges after the new GDP series was released. As MIT economist Esther Duflo pointed out in an interview to Mint, we may never actually know the true cost of the move. Given the difficulty of capturing real sector output data, our only lens to gauge the impact of the note ban is by looking at prices, which at least in case of perishables, saw a sharp dip in the weeks following the move, indicating a shock to the rural sector.


The second explanation, and in our view, the more credible one is that voters were hurt economically in the short run but still rewarded Modi with their faith, and their votes. Indeed, early ground reports in the weeks following the note ban seemed to suggest that the poor were hurt by notebandi


but still supported the move because they believed it hurt the rich more. "People who are suffering believe that those who have more money, those who have accumulated wealth by stealing resources, by cheating the government—and by extension the public—are the ones who are suffering more," wrote Prashant Jha in a perceptive piece for The Hindustan.

The idea that the poor and the not-so-rich could come to resent the fortunes of the well-off in an unequal and socially stratified society was first articulated by the influential economist Albert Hirschman in a 1973 research paper. Hirschman, who taught, among other places, at Harvard University named this the "tunnel effect".




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Two year after launch, big challenges remain for Skilling India



India is seen as a hugely “unskilled” country with little over 2% of its total workforce having gone through some kind of formal skill training, which is much lower compared to 68 percent in the UK and 52 percent in the US. Whatever may be the current availability of skilled workforce, the country has the enormous potential to tap into its youth.

When Prime Minister Narendra Modi launched the Skill India Mission on July 15, 2015 with much fanfare and ambitious targets on the World Youth Skills Day, it not only gave fresh vigour and impetus to the previous efforts but also came as glimmer of hope. The Mission has set the target of providing skill training to 400 million people until 2022.

Since then, the Government of India has taken several steps and initiatives to make this policy a resounding success. Several schemes have been launched, including Pradhan Mantri Kaushal Vikas Yojna (PMKVY), Skill Loan Scheme (SLS), Rural India Skill (RIS), Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP), etc.

However, there are many challenges that Skill India Mission faces, the most important being insufficiency of funds to implement as ambitious and humungous a scheme such as this. In the latest budget, Finance Minister, Arun Jaitley, has announced Rs 17,273 crore, which is 16% higher than the previous year’s budgetary allocation after revised estimates.

However, experts feel that it is still not sufficient, given the targets the Mission has set for itself. More so, a major chunk of it goes into PMKVY and leaves very little for the related schemes. Critics also say that this paltry budgetary allocation, if divided by the number of targeted beneficiaries, leads to a per capita expenditure that is too little to inspire any confidence about the success of this Mission.

Another area of concern is the existing wage structures. Several representatives of the workers’ unions have pointed out that unless companies begin paying wages that commensurate with the skills of the workers, the Mission is not likely to leave any significant dent. Additionally, there is a need to ensure that labour laws are not violated as rampantly and with impunity as they are now. Thus it is imperative that the workers’ rights are protected, ample social security is provided and decent living standards are maintained; something which the earlier Policy document had recognised and which the new and revised policy turns a blind eye to.

Making a point!

An Indian Institute of Technology (IIT), Delhi, graduate, Pramod Maheshwari gave up many job offers as well as his dream of working in the United States for his mother’s sake. She was reluctant to let him leave his hometown Kota, Rajasthan, for work. Instead he turned entrepreneur, starting Career Point, a coaching centre for students aspiring to take the joint entrance examination (JEE) for the IITs and some other engineering institutes. He held his first classes in his father’s tyre godown.

Career Point Ltd is an Indian publicly listed education company based in Kota, Rajasthan - the Hub of Coaching in India.

Founded in May 1993 by Mr. Pramod Maheshwari, an alumnus of IIT Delhi and a physics teacher, to provide professional tutoring for competitive exams with just 50 students as a very humble beginning, the company now coaches more than 25000 students every year for engineering & premedical entrance exams like JEE Main (earlier known as AIEEE), JEE Advanced (earlier known as IIT-JEE), NEET (earlier known as AIPMT), AIIMS, NTSE, Olympiads, KVPY, etc.

BUSINESS SEGMENTS

The company operates under three business segments Tutorial Services, Higher Education, Preschool - K-12 Division.

TUTORIAL/COACHING DIVISION

Career Point, Kota center (also the Head Office) accounts for bulk of the enrollments and student strength. Career Point operates branches in Alwar, Dausa, Jaipur, Jodhpur, Nagpur, Patna, Kapurthala, Sikar, Sriganaganagar. The company also provides coaching directly in school at multiple schools in India including Latur, Pilani & Kovilpatti.

Career Point currently

operates ten franchisee centers in Agra, Bilaspur, Bongaigaon, Bokaro, Dibrugarh, Dhanbad, Gorakhpur, Guwahati, Jammu & Jamnagar and also provides satellite based interactive classes (CPLive) at more than ten centers in Ambala Cantt, Amravati, Aurangabad, Balangir, Bhavnagar, Chhatarpur, Daltanganj, Godhra, Jamshedpur, Lucknow & Varanasi. The company also offers courses through its Distance Learning Program in form of printed study material popularly known as Exercise Sheets & test series courses along with a student performance feedback. It also provides distance learning program using different technology modes like online testing, online video-on-demand (VOD) courses, DVD Courses.

K-12 DIVISION

The company provides Educational Consultancy & Management Services (ECAMS) & operates three schools in Rajasthan [Global Public School (Kota), Jivan Jyoti Public School (Jodhpur) and Career Point World School (Kota).

HIGHER EDUCATION

Currently the company provides ECAMS services to Career Point University at Kota, Rajasthan & Career Point University at Hamirpur, Himachal Pradesh. Both universities started offering graduate, post-graduate & research degree & diploma courses in engineering, computer applications, sciences, law, fashion & design, commerce & management since 2012. It also operates Career Point Technical Campus at Rajsmad, Rajasthan & Career Point Technical Campus at Chandigarh. Both campuses offer graduate, post-graduate degree & diploma courses in engineering, computer applications & sciences.



Surely, every budding start-up or SME knows the importance of SEO in today's digital age where web access is part of every part of society. If not, then this is time when one should start focusing on SEO to reach their business's target audience. It is really important for any business, especially start-ups and SMEs to realise the strength and magic of SEO.

SMEs or start-ups may show a huge lack of awareness about the significant and changing role of SEO. Also, it might be possible that the small business owners have just stepped into the phase of exploring SEO value for their business. May it be lack of knowledge, resources or the thought that small companies can't compete on SEO with larger giants, the fact is just the opposite. SEO is equally fruitful, powerful and result-oriented for any kind of business, irrespective of their size. By far, it is seen that SMEs/start-ups couldn't make-up their mind to utilise the benefits of SEO. Small businesses are neglecting SEO even if they have a website or mobile app thinking that SEO is too complex, technical or the business is growing well without it. But the fact is very different, as being at the top in search engine result page gives any business a great boost in overall growth, recognition and achievement of goals.

For big brands and MNCs, investment in any kind of promotions or media campaigns to reach their target audience is not a big deal any day. But for start-ups and SMEs, there is always a big question ahead of how to get the ball rolling on a limited budget. In that

case, SEO (Search Engine Optimisation) is always a fruitful thought.

SEO is not a sprint but more like a marathon, where any business or brand can enjoy its benefit in the long term. So, without wasting anymore time, let's get closer to the whole game and approach of SEO. For those who don't know what SEO is, Search Engine Optimisation is the process of enhancing the visibility of any website or webpage in a search engine's organic result or natural results. Now, coming to the big

what is their age bracket, what are their preferences etc. In SEO or for that matter any campaign won't work in the right direction if a business's target audience is not defined. It's just like playing in a dark room.

Make a SEO Strategy as per the Target Audience: After defining the target audience, it's time to make a defined SEO strategy, which will include the present position of the business in organic search market, approach to tap the target audience, and of course certain long term goals to be achieved



question, 'How SEO can help start-ups or SMEs in competing with big brands/MNCs?'

There are few basic thoughts, which every growing business like start-ups or SMEs should keep in mind while putting their foot ahead with SEO. Let's take a look at them:

Analyse Target Audience:

For every business, it's really important to understand and analyse their target audience. By analysing the target audience, we mean what kind of audience will consume the services or products offered by the business,

in the future. A basic SEO strategy will help any business in realising their current position in an organic search market and where they could be in future, only if things are done as per best SEO practices.

Relevance and User Intent:

In SEO, it is really crucial to understand and keep in line with relevance and user intent factor every day. When it comes to search results, it is important to understand the relevance of the result and the user's intent behind their search query. Suppose, if a user is searching

for 'blue bean bag', they will be disappointed if they don't find a page about a blue bean bag or if they get an irrelevant result for their query. Hence, it's really important to always keep in mind the relevance and user intent while going ahead with keyword research and all other activities performed in SEO.

Local SEO: For start-ups and SMEs, their target audience circle is quite small and specific in the beginning. So, why don't they start tapping that small circle first rather than going for a large and more generic market at the start. This is where local SEO comes into play. Local SEO is an effective way of local online marketing. It helps in enhancing the visibility of any local business as per its local target audience. This means, local SEO helps any local business in promoting their product or services to local customers exactly when they're looking for that particular business. For example, a local user based in Gurgaon is searching for 'chicken home delivery in Gurgaon', now with the help of local SEO, a chicken vendor based in Gurgaon could surely come up in the query result for chicken home delivery in Gurgaon.

Identifying competitors:

To be the best and come up in search results, identifying competitors is a must. Every business must know whom they are competing with, what are their competitor's strategy, strength, weakness, where their competitor is getting traffic from and as many other details one could get about them.



I am assuming that you are looking for answer to either or all of the following questions:

- Shall we use Facebook, Google, LinkedIn or some other digital media?
- How can we repeatedly produce success in leveraging digital marketing?
- How can I convince my management to increase the budget for digital marketing?
- How can we decide on the resources we would need for successful execution of digital marketing?
- How can I be sure if our digital marketing agency is doing the right job?

Relax! You are not alone. One of the biggest reasons why many digital marketing campaigns fail is the absence of a coherent digital marketing strategy. Since the starting point for many of the digital marketing initiatives is to leverage a new and popular digital media channel, which everyone else including competition is talking about, most of those initiatives end up turning into a failure or a chance success.

Are you interested in consistently and reliably producing success of your digital marketing campaigns? While there is no formula for success, applying following seven steps in crafting your digital marketing strategy will build a strong foundation in delivering high ROI of your digital marketing investments:

Define Goals & Metrics and Identify Tools to Measure Success: ‘If you don’t know where you are going, any road will get you there’ were the words of Lewis Carroll. Peter Drucker mentioned “if you can’t measure it, you can’t improve it.’ These two quotes aptly create the importance of defining your objectives and measuring progress before you start your digital marketing journey.

Create Content that Addresses Buyer Persona Pain Points: Relevancy is the key to success on any medium and digital is not an exception. Instead of creating some flashy or jazzy content, which may look interesting; produce content, which addresses the concerns of your target audience.

Build a Content Library for Various Channels: As I shared in my earlier article, 7 reasons for

continuously create relevant content.

Allocate Paid Advertising Budget: While paid advertising is not mandatory, majority of the digital marketing campaigns does not reach the desired level of success in absence of paid advertising. It not only creates newer avenues for targeted reach, it also helps amplify the impact and reach of content developed for organic media.

Since digital marketing involves real time actions, we tend to believe that planning is not required for creating success. The challenges posed by the real-time nature of this medium is the only way to reliably produce success.

Research Target Audience to Identify Relevant Channels: The choice of digital media channels should be based on where your target audience is present v/s what is popular or others are talking about. One of the key advantages of digital media is that it gives you the ability to research and identify relevant channels.

digital marketing failure in startups, underestimating the importance of content is one of the reasons why many digital marketing campaigns fail. Depending upon your choice of relevant digital media channels, you have to be prepared to

Evaluate Results and Improve Your Strategy: Given the dynamic nature of digital media, you will be lucky if everything goes the way you planned. Most likely, you will have to evolve your strategy and that requires constant evaluation and optimization. Defining your objectives and metrics, mentioned in step 1 will be your access to continuously optimize the performance of your digital marketing campaigns.

