

# MSMEs

# Fight



## Guide Book : Volume II

- Managing Cashflows and Manufacturing
- Managing HR related Matters

# **Managing Cashflows & Manufacturing**

## **i. Addressing your immediate payment and servicing of OD/WC concern:**

- a. The Reserve Bank of India (RBI) has come with a regulatory package on March 27, 2020 to address similar problems. Since yours is an OD facility, in such cases, lending institutions are permitted to defer recovery of interest applied for March 01 - May 31, 2020 in all such cases and accumulated interest shall be recovered after the completion of the period. Further, those borrowers with WC/OD facing stress from economic fallout of the pandemic, lending institutions are guided to recalculate the drawing power by reducing the margin and/or by reassessing the WC cycle.
- b. Please also note that such rescheduling of payments do not qualify as default for supervisory reporting and reporting to credit information companies.
- c. In case you have any EMIs, etc. those too can be looked at under these guidelines.

## **ii. Liquidity management:**

- a. The primary challenge in such times is to manage available cash and create avenues to generate cash.
- b. To manage available cash, streamline your expenses. Reduce or postpone expenses which are not essential now – one way could be to draw out a list of expenses and put them in buckets like ‘expenses that can’t be postponed’, ‘expenses that can be postponed’, ‘expenses that can be reduced’ and try to ration the available resources.
- c. Cash is generated from existing resources and from existing small assets as well (FDs, NSCs, gold, etc.) which businesses and individuals create active economic times when there are surplus incomes. The point is once the initial period is handled and situations stabilise, your regular cash flows shall enable you to once again create such assets. Please remember all of us create assets in times of surplus only to handle emergencies and this is a unique emergency.
- d. You can request some of your service providers for staggered payments or for a postponement of payments.
- e. You can also approach a lending institution (your existing lender or a small finance bank which specialise in lending to small businesses) for emergency cash flow – but please bear in mind that while a new loan will bring in cash, it will also bring the interest burden which demands cash outgo. Also, be very clear about the loan servicing required and your ability to take care of it. Ideally,

this is best resorted to – if at all - when situation becomes clearer and activities restart and are stable.

- f. You may also explore [www.psbloansin59minutes.com](http://www.psbloansin59minutes.com) where, if eligible, you can gain from multiple bank options. You can also try some other Fintech platforms also.
- g. Please note that the most important thing is to control cash outgo while finding ways to generate new cash.

iii. **Look at new avenues:**

- a. While your industry may have been affected, once the lockdown is over, there will be a gradual return to economic activities with movement of people/goods for emergencies, migration, etc. Even during lockdown certain emergency services are required and small enterprises that provide them will continue to have access to some income flow. Providing streamlined and affordable services in such times to targeted sections could be a way to generate incomes.

iv. **Managing your Manufacturing facility:**

- a. Manufacturing units of essential commodities can continue to operate. Please check in which category you fall.
- b. Production units, which require continuous process can continue to operate after obtaining required permission from the state government. If you are having machines with continuous operations, minimum maintenance can be taken care off.
- c. Check whether your manufacturing facility can be tweaked a bit to manufacture PPE, Ventilators etc. In such cases, please get in touch with authorities and buyers before commencing manufacturing.
- d. Keep yourself ready for a post lockdown period, when the demand will increase and will come to normalcy.
- e. Arrange for proper sanitation/hygiene of factory/office area as also employees/workers.

## **Managing HR Related Matters**

- a. Employees look upto the leaders of an organization. Please speak to employees regularly including about their family wellbeing, address their concerns and assure them regularly.
- b. Make wellbeing calls/mails to your creditors/debtors
- c. Identify areas where WFH (example administration, marketing) can be done and still efficiency can be achieved through SoPs and targets.
- d. Facilitate Work from Home (WFH) and encourage employees to use the digital / virtual tools for better collaboration / coordination while working from home.
- e. Allow flexible working hours to allow employee to manage both work and home requirements in such difficult situation
- f. Encourage employees to improve their existing skills and acquire new skill sets through online courses.
- g. Be regular in health insurance premium, ESIC and PF subscription payments. Facilitate workers/employees in accessing such benefits.
- h. The EPFO has announced for extension in the due date of March payment for employers of establishments which have disbursed wages for March 2020 to its employees. This incentive should be utilized to provide uninterrupted staff salaries and help them cope up with their expenses

***“It’s one small step for man,  
one giant leap for mankind.”***

**- Neil Armstrong**