



8th Eastern India Information Technology Fair 2017

Friday, 14<sup>th</sup> July 2017, Hotel The Park , Kolkata, India

**Theme : GST Readiness For The Channel Community**

# Introduction

IT adoption by SMB is accelerating and there is a promising growth with huge opportunity of about 15% CAGR. This Y-o-Y growth is expected to propel the IT spend to cross USD 18.5 billion by FY2018. After many years and several twists and turns, the Goods and Services Tax (GST) is now set to become a reality. The GST Council has finalised tax rates @ 5%, 12%, 18% and 28%, thereby ushering in one of the biggest tax reforms in India.

GST would be a very significant step in the field of indirect tax reforms in India. By amalgamating a large number of Central and State taxes into a single tax, it would mitigate cascading or double taxation in a major way and pave the way for a common national market. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated to be around 25% - 30%. Introduction of GST would also make Indian products competitive in the domestic and international markets.

Rising global competition and the need to reduce operational costs is compelling SMBs to re-innovate, streamline their operations, standardize their processes, improve productivity and efficiency and adopt best practices and latest technologies that can help them grow and better manage their business.

VARINDIA brings the **8<sup>th</sup> edition of EITF 2017**, an event where various IT corporates will address their views on how to cooperate with the channel and come out with prudent policies so that there is no losses to channel partner for the closing stock in a VAT regime.

# SMB- Path For The Growth

Over the past few years, despite being large and fast growing, the Indian SMB market has not been considered a very profitable business by the Indian ICT industry. This is owing to factors such as low IT awareness, high geographic distribution, small deal sizes, long sales cycles and high cost of customized solutions. This scenario, however, is changing.

The confluence of several business and technology factors are now placing the SMB market on the radar of ICT vendors. It is an absolute fact that technology is the next growth driver for SMBs in India. Interestingly, domestic SMBs are creating an opportunity for Indian IT companies to provide domain-centric, innovative, packaged software products and services for sustainable growth momentum and increasing profitability.

With a conducive policy framework and positive regulatory steps taken by the Government, the SME sector has seen substantial growth. This survey clearly highlights the optimism and confidence among SMEs and businesses are deftly navigating through challenges to thrive in India.

# Indian SMEs confident about business growth

- ▶ Indian SMEs (at 71%) are more optimistic about local economy as compared to Japan (at 62%) and China (at 54%)
- ▶ In terms of optimism about global economic growth, Indian SMEs are nearly two times (65%) more positive when compared to Australia (at 37%)
- ▶ Indian SMEs look forward to increased revenues with expansion into new domestic market segments; 76% expect revenue growth in 2017
- ▶ Nearly half of Indian SMEs surveyed forecast a profit of 8% per annum by 2020; whereas global findings pegged at 26%
- ▶ With recent political changes in the country, 73% Indian SMEs feel optimistic about their business prospects
- ▶ Indian SMEs have existing working capital (at 88%) and bank loans (at 77%) as the most readily available source of funds
- ▶ SMEs in India identify innovative and cost-effective financing as the top potential solution to encourage their business' success
- ▶ Over 75% prioritize investing in new technology by 2020

# GST regime will benefit SMEs the most

- ▶ SMEs in India are confident about their ability to deliver increased revenues and profitability. According to the survey, 76% of the Indian SMEs surveyed expect revenue growth of at least 4% in 2017.
- ▶ In terms of profitability, Indian SMEs are similarly upbeat, with 45% forecasting a profit of 8% per annum by 2020. This is in excess of the global findings which show 27% of SMEs forecast net profits of 8% over the same period.
- ▶ While SMEs in India are optimistic about the economy and their own business, they cite domestic policies, uncertain laws and regulations as major concerns over the next year.
- ▶ According to the survey, Indian SMEs are more positive about the domestic economy over the next 12 months than their Asian counterparts. Indian led with 71%, followed by Japan at 62%, China at 54%, and Singapore at 26%. Interestingly, the confidence of Asian countries is substantially higher than the global average of 45%. In terms of global economic outlook, SMEs in India have higher optimism at 65% than Asian counterparts with Japan at 58%, China at 47% and Singapore at 20%.

GST regime will benefit SMEs the most. SMEs, across a wide range of industries are caught in a state of flux. The comprehensive indirect tax GST will replace various other taxes such as Excise, Vat and Service Tax with a single tax structure. Driven by wide-ranging scepticism, several start-ups and SMEs are wary of the adverse impacts that may come into the picture with the GST rollout.

**The EITF programme has been designed to address the growth of SMEs in the country.**

# GST Implementation

## .. Challenges for SMEs

- ▶ A sizeable portion of SMEs are of the opinion that GST is not all good for the sector and their fears may not be totally vacuous. The tax neutrality that the SMEs enjoy may be one of the prominent benefits. However, reduction in duty threshold is one of the key concerns that has led them to be wary of the GST bill. Under the existing excise tax, no duty is paid by a manufacturer having a turnover of less than Rs 1.50 crores. But, post GST implementation, the exemption limit will get significantly lowered.
- ▶ During a speech at a [news conference, Finance Minister, Arun Jaitley](#) said that the limit can be as low as rupees 25 lakh. As a result, a large number of SMEs and startups will be mandated to come under the tax net and will have to pay a large chunk of their earnings towards tax. Furthermore, there are other flip sides to the proposed tax neutrality. GST regime won't differentiate between luxury goods and normal goods; this will be hard for the SMEs to compete against large enterprises. GST that is ultimately levied on supply will not be available for input credit. This will lead to an increase in the cost of the products for businesses that supply directly to end users.

# Road Ahead for GST Compliance

- Exploring the path to become a giant demands business strategies that can accommodate and ensure growth despite any external business scenario and each of these business strategies demand higher levels of productivity, driven by collaboration and innovation.

The model GST law recognizes at least 111 points of taxation which means IT companies providing services all over India will have to seek registration in as many as 37 jurisdictions that will include 29 states, 7 union territories and the Centre. This means that IT companies will have to register and file compliance reports at as many as 111 points.

- India is home to over 51 Million Small and Medium Businesses. While today only 40% of these SMBs are influenced by technology, the number is expected to increase to 90% of all SMBs by 2020. It is a fact that SMBs are powering India. SMBs leverage digital technologies through business processes. Digital SMB is powered by solutions touching multiple business levers such as customer acquisition, workforce enablement, operational excellence and risk management. Digital enablement is going to present a USD 25.8 Billion opportunity for tech vendors by 2020.

## Why to Participate in 8<sup>th</sup> EIITF

Creating a platform for empowering VARs for greater impact with SMEs ,where they could get benefited -

- ▶ Are you concerned that your digital security is ineffective? Do you have trouble justifying the expense of digital protection? Do you have nightmares about how secure your organisation is against cybercrime?
- ▶ Small and medium business and not for profit Organisations are now the primary target of the cybercriminal. Why? It is their attitude. The attitudes of SME's make them the number one target of the cyber criminal.
- ▶ Think about how often you have said "we have nothing worth stealing" about your organisation.

***If these issues are on your mind then you need to get educated....***

***You can get educated here!***



# Target Audience for 8<sup>th</sup> EIITF

Industry leaders/CXOs, Corporate Honchos, Top Solution Partners (Tier II and Tier III), System Integrators and Solution Partners.

The event will have a Panel discussion Session:

*We all live in the digital world. Digital transformation is imperative for all businesses, from the small to the enterprise. Digital transformation will look different for every company, it can be hard to pinpoint a definition that applies to all. It is about integration of digital technology into all areas of a business resulting in fundamental changes to how businesses operate and how they deliver value to customers.*

The programme will be attended by over 200 delegates. The content which will come out of the Summit from the speakers and panellists will be very relevant for everyone present.

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Thank You