Confederation of Indian Industry

SME Business

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INSIDE

FROM DIRECTOR GENERAL, CII

The contribution of MSMEs has been central to India's growth. Over the last year, numerous significant steps have been taken by the Government and regulators for strengthening the MSME ecosystem. Through landmark initiatives such as Make in India, the Government has promoted the Indian manufacturing brand and attracted global companies to engage with MSMEs.

It is believed that MSMEs have the potential to create 10 million new jobs in the next four to five years. However, to make this happen, MSMEs need to be digitally connected along with availability of affordable and in-time finances.

In the current trade paradigm, digitisation is the key to establishing global connectivity for accessing new technologies and aligning with changing global business practices. The need of digital literacy has been recognized by the Government in various schemes to enhance MSME off-take of digitisation in their day-to-day business practices. The recent revision in guidelines for the "Digital MSME" to include awareness programs and guidance for e-marketing in addition to development of software and apps will enable the SMEs to expand their reach through transcending regional as well as global boundaries.

The response to the various initiatives taken up by the Government has been overwhelming. With a new Government in place, the initiatives towards overhauling the MSME ecosystem to create a more robust, efficient, and productive sector will see further progress. The correct mix of legislative changes in terms of launching new policies and revamping existing ones backed by responsible action will aid in propelling the growth of MSMEs as also in increasing avenues of employment generation and higher contribution to the national GDP.

CII has been played a strong role in the MSME sector by channelizing industry voices and concerns to policymakers and engaging in continuous negotiations for the development of the sector. With almost 60% of its membership base belonging to this sector, CII believes that progress of MSMEs would translate into inclusive growth of the economy.

MSME Business is an initiative to keep readers abreast of recent policy developments in the sector. In addition to news and policy updates, the bi-monthly newsletter also strives to provide a crisp analysis of a particular sector by providing information on its current status and understanding its strengths, challenges and opportunities of growth from the MSME perspective. I am sure it will be useful for stakeholders.

Chandrajit Banerjee
Director General
Confederation of Indian Industry

FROM THE CHAIRMAN'S DESK

The Leather Industry is one of the key areas contributing to exports. Indian leather has been known for its premium quality and product designs which has been one of the determining factors of its global position as being one the largest manufacturer and exporter of footwear, leather garments and other items. With an annual production of approximately 3 billion square feet, the leather Industry in India accounts for nearly 12.9% of the global produce. The industry has metamorphosed with time from manufacturing and exporting raw hides and skins to exporting of finished goods and other value-added products. The Government cognizant of the potential of the industry in adding to the foreign exchange of the country has rolled out schemes for their promotion. Implementation of the Indian Leather Development Programme in the Tenth and Eleventh Five year and the de-reservation of leather sector has been few key steps taken by the Government of India to enhance the growth and boost exports of the sector. The envisioning of growth of the sector has also led to establishment of various research institutes, design clinics, training institutes specific to demands of the sector like Footwear Training Institute has been instrumental to the growth of the sector.

Leather production in India can be segregated into production by larger units and those engaged in small scale operations. MSMEs constitute a significant part of the industrial structure of manufacturing and leather and other value-added products. About 60%-65% of the units engaged in manufacturing of leather and products thereof are small scale. The sector also engages large number of women and socially marginalised communities. Approximately 2.5 million people are engaged in the sector where almost 30% are women. The smaller businesses are usually engaged in the lower end of the production pyramid concerned with preparation of leather from raw hides, and production of smaller goods or different parts of an article.

With the merit of in-house skilled labour, large raw material base and favourable government policies, the sector has the potential to grow by multitudes. Currently there are approximately 1000 companies exporting leather. However, the numbers can be increased by providing appropriate technology, increasing the capacity utilisation of the industries, providing adequate infrastructure and easy and affordable access to raw materials and finance.

The current edition of MSME Business tries to bring out a short and crisp analysis of the Paper Industry and the contribution of MSMEs to the sector. In addition, it also provides a glimpse of the latest updates in the MSME sector, schemes specific to Paper Industry for the MSMEs.

Please feel free to write to me at:
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Regards,

Shreekant Somany
Chairman, CII National MSME Council

NEWS UPDATES ON MSMEs

MINISTRY OF MSME RELEASES NEW GUIDELINES FOR 'DIGITAL MSME' SCHEME FOR PROMOTION OF ICT

The Ministry of Micro, Small and Medium Enterprises (MSME) has released new guidelines for the "Digital MSME" Scheme for promotion of Information & Communication Technology in MSME Sector. This scheme is a component of Credit Linked Capital Subsidy Scheme for Technology Up-gradation (CLCS- TU).

While the previous Digital MSME scheme had provision to provide subsidy to MSMEs for using Cloud Based software, the present version of the scheme aims to address the diverse digital needs of the sector in order to make maximum number of MSMEs digitally empowered. The main objective of scheme is to make MSMEs digitally empowered and motivate them to adopt ICT tools and applications in their production & business processes with a view to improve their competitiveness in national and international mark.

According to the new guidelines, the main components of the scheme would include Awareness Program and Work Shop, Development of e-Platform, Development of software/Apps for MSMEs, Digital Literacy and e-marketing, Training to MSME officials, MSMEs, Professionals etc., Digital Empowerment through Enterprise Development Centre (EDC), Assistance for IT infrastructure to various Implementing Agencies (IA) upto Rs.10 lakhs per IA, Futuristic developments, Publicity, Branding and Mobilization, impact Assessment and Survey including Data Analytics and Miscellaneous Expenses.

The scheme is proposed to be implemented up to financial year 2019-20 by actively involving State Governments.

https://knnindia.co.in/news/newsdetails/msme/min-of-msme-releases-new-guidelines-for-digital-msme-scheme-for-promotion-of-ict

E-LENDING FIRMS RECOMMEND DIRECT DEBIT FEATURE ON UPI TO HELP STARTUPS

The digital lending industry has suggested that the RBI allow direct debit for loan repayment through the instant inter-bank funds transfer mechanism Unified Payments Interface (UPI), extend the 'Udaan' scheme to fintechs and nonbanking finance companies and make bank funding mandatory for early-stage fintechs.

The central bank, in its notification dated March 18, had sought the industry's recommendations on what would help the micro- small and-medium industry come out of challenging times. Udaan is a central government-run credit guarantee scheme under which small enterprises can access loans from institutions without any collateral.

The recommendations provided by the E-lending firms can be summarised as follows

- Availability of UPI 2.0 direct debit mandate is important
- There's a need for fintech startups to be able to access funds at cheaper rates
- Access of fintechs to the credit guarantee scheme of central government
- Government can allow NBFCs direct access to RBI funds for their quick revival.

//economictimes.indiatimes.com/articleshow/68571621.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

MSMES MAY HAVE POTENTIAL TO CREATE 1 CR JOBS IN 5 YEARS: RESEARCH FIRM

Despite the recent sluggishness in demand, India remains an attractive consumption-oriented market with the growth of the middle class and rising disposable income. However, only 15% of what is consumed in India is made by the domestic manufacturing industry, limiting the country's ability to create employment opportunities, said NRI Consulting, an affiliate of Nomura Holdings.

It is said that micro small and medium enterprises (MSME), if nurtured well, can bridge the gap and create one crore jobs in the next 4-5 years. The Japan based consulting firm highlighted in a note on Indian market, amid the political debate on jobs and joblessness, that the predicted growth could be done by following a market-oriented approach for MSMEs, wherein the organised private sector participants invest in capacity building of the MSMEs against a valid for-profit business case with long term benefits," the research firm said in a note on Indian market, amid the political debate on jobs and joblessness.

The MSME sector remained the highest job creator with the sector contributing about 3.6 crore jobs, which is about 70% in the manufacturing sector in 2017-18, according to official data. "A deep dive into product groups manufactured in various clusters in India suggests that a dedicated focus on developing these MSMEs can create additional 75 lakh -1 crore employment opportunities in the next 4-5 years through partial substitution of imports. To scale up, the MSME sector needs a market-oriented strategy through business development services which is inclusive and builds on a consensus on the challenges, goal and broad policy direction among the key stakeholders" Japan-based NRI Consulting said.

//economictimes.indiatimes.com/articleshow/68770821.cms?from=mdr&utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

GST COMPOSITION SCHEME TAXPAYERS TO FILE SELF-ASSESSED TAX IN FORM GST CMP-08: CBIC

Extending relief to composition taxpayers under Goods and Service Tax (GST), the finance ministry has allowed such businesses to file self-assessed tax in form GST CMP-08 of the Central Goods and Service Tax Rules, 2017, till the 18th day of the month succeeding such quarter.

So far, businesses opting for composition scheme had to file tax returns every quarter in GSTR-4 which ran into around seven pages. Easing out the procedure of filing, as per a Central Board of Indirect Taxes and Customs (CBIC) notification, composition scheme taxpayers will now file GSTR-4 annually by April 30 for the previous financial year ending March 31.

The CBIC has notified the simplified 'statement for payment of self-assessed tax' in form GST CMP08 to be filed by taxpayers who have opted for composition scheme, under which businesses have to pay a lower rate of tax on their turnover.

Small traders and manufacturers with a turnover of Rs 1.5 crore pay a 1 per cent GST, while service providers and suppliers of both goods and services up to a turnover of Rs 50 lakh pay 6 per cent.

Businesses who have not opted for composition scheme have to file GST returns every month and also pay taxes as per the GST slabs decided for the goods and services they deal in.

There are 1.21 crore businesses registered under Goods and Services Tax (GST), of which 20 lakh are under composition scheme.

https://knnindia.co.in/news/newsdetails/economy/gst-composition-scheme-taxpayers-to-file-self-assessed-tax-in-form-gst-cmp-08-cbic

SHARE OF PUBLIC SECTOR BANKS IN LENDING TO MSMES DIPS TO 39%: REPORT

The share of public sector banks in lending to micro, small and medium enterprises (MSME) has been declining, whereas overall lending to the sector has expanded rapidly, according to the TransUnion CIBIL-SIDBI MSME Pulse quarterly report.

The market share of public sector banks in MSME lending (both entities and individual segment) has reduced from 58% in December 2013 to 39% in December 2018, the report said.

It also noted that aggregate lending to MSMEs has risen by a compounded annual growth rate of 19.3% over the last five years.

Of the total on-balance sheet credit exposure in India of Rs 111.1 lakh crore as of December 2018, MSME credit accounted for Rs 25.2 lakh crore.

"Going forward, we would expect that the PSBs would be able to claw back some of the share losses as more PSBs come out of the PCA framework. Their market share growth will also be aided by the continued funding constraints being experienced by the NBFC segment," the report said.

https://knnindia.co.in/news/newsdetails/msme/share-of-public-sector-banks-in-lending-to-msmes-dips-to-39-report

AMAZON AUGMENTS ITS SELLER LENDING MARKETPLACE WITH FINTECH LENDER FLEXILOANS TO PROVIDE MSME CREDIT

Flexi Loans, an MSME focused digital lending platform, extended its partnership with Amazon in the second year by integrating their lending platform with Amazon Lending Marketplace, thus allowing Amazon sellers to apply and monitor their loans from the Amazon Seller Dashboard itself.

Flexi Loans is the first SME fintech lender to integrate using APIs with Amazon and is one of its key fintech partner for its Lending Program. Both companies are working towards achieving deep technology integrations to make lending offers real time and create an enigmatic customer experience.

Flexi Loans uses its differentiated technology to reach out to the e-sellers including ones devoid of the funding from banks and other financial lending institutions and provide collateral free loans within a short time frame. Flexi Loans competed three years of operations in April 2019 and crossed 10,000 loans and over 400 crores of disbursals. It has received borrowing interest from over three lakh MSMEs in FY 19, over 300% increase from FY 18.

//economictimes.indiatimes.com/articleshow/69021765.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

AIRTEL PARTNERS WITH CISCO TO PROVIDE CONNECTIVITY SOLUTIONS TO SMES

To offer networking and connectivity solutions to enterprises and small and medium business customers in India, telecom operator Bharti Airtel entered into a partnership with network gear maker Cisco.

"Digital India has opened up a huge residual opportunity to help businesses in their digital transformation journey and achieve the next level of growth," Airtel Business CEO Ajay Chitkara said in a statement.

As part of the partnership, Airtel will offer managed software-defined wide area network (SD-WAN) services in collaboration with Cisco and web conferencing platform Cisco-Webex

https://knnindia.co.in/news/newsdetails/msme/airtel-partners-with-cisco-to-provide-connectivity-solutions-to-smes

LEATHER INDUSTRY IN INDIA - AN OVERVIEW

INTRODUCTION

Leather has been ranked amongst the top premium products globally. The global leather goods market reached 95.4 billion dollars and is forecasted to grow further at a CAGR of 4.36 percent by 2022 to expand into a 128.61 billion dollars market. Leather is often categorized as a high-end product owing to its feel, look and durability, also one of the reasons it has emerged as a preferred material for designers across the world. The inherent features of leather as being fire-proof, dust-proof, crack-proof also makes it favorable for applying innovation in designing niche products. The range of products manufactured from leather include bags, clothes, shoes, saddlery, upholstery and others. Higher disposable income increased domestic and international travel, deeper penetration of e-commerce and better exposure to the world fashion through easier access to internet can be perceived as few key reasons for growth of leather globally. While the developed countries have started to move up in the value chain to designing and production of finished consumer products, preparation of finished leather from raw hides has been taken up by the developing countries.

LEATHER INDUSTRIES IN INDIA

[1]Leather industry in India has undergone metamorphosis since its formalization in the 1950s. With appropriate government programs to boost the sector, the leather industry in India has evolved from being a supplier of raw materials to a major contributor to the value added and high end products globally. India has one of the largest base in manufacturing of finished leather and leather products. The design expertise and finesse of the leather products explains the demand of Indian curated leather and value added products across the globe. Indian leather accounts for approximately 13 percent of the world's total production and about 10 percent of world's footwear production. While production of leather is spread across the entire country, few key pockets of leather manufacturing are located in states like West Bengal in the East, and Maharashtra and Rajasthan in the West, Madhya Pradesh at the center, Uttar Pradesh, Haryana, Delhi, Punjab, Jammu & Kashmir in the North and Tamil Nadu, Andhra Pradesh, Kerala and Karnataka in the South. Other than curated leather, other finished products like leather shoes, saddlery, leather garments etc. are also produced in the country.

Figure 1: Distribution of Leather by Types

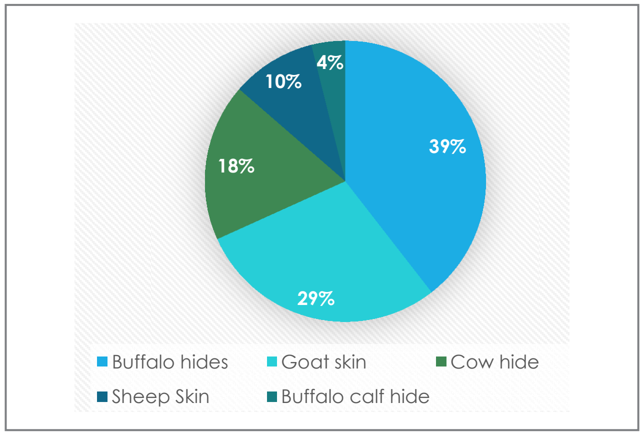
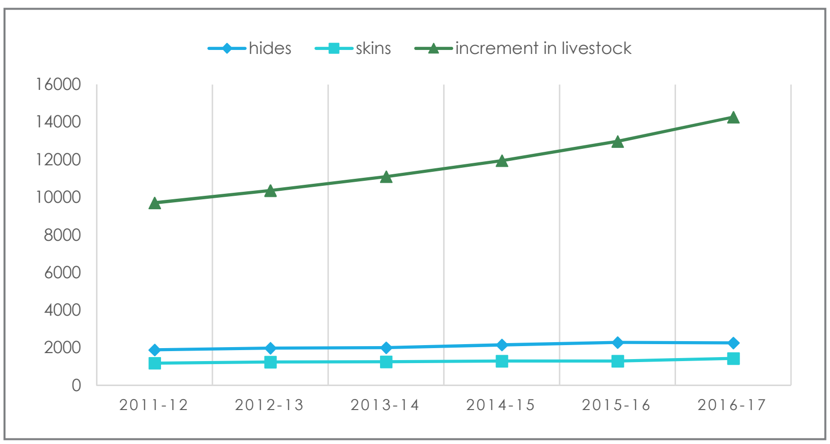


Figure 2: Potential of leather industry (in Rs. Crores)



Source: National Accounts Statistics

Leather in India is usually prepared from raw hide skin of animals like buffalo, cow, goat and sheep. With about 20 percent of world's cattle population and 11 percent of world's goat and sheep population, India is endowed with ample supply of raw materials for production of leather.

1 https://www.exportgenius.in/blog/leather-export-from-india-in-2017-list-of-leather-suppliers-in-india-211.php

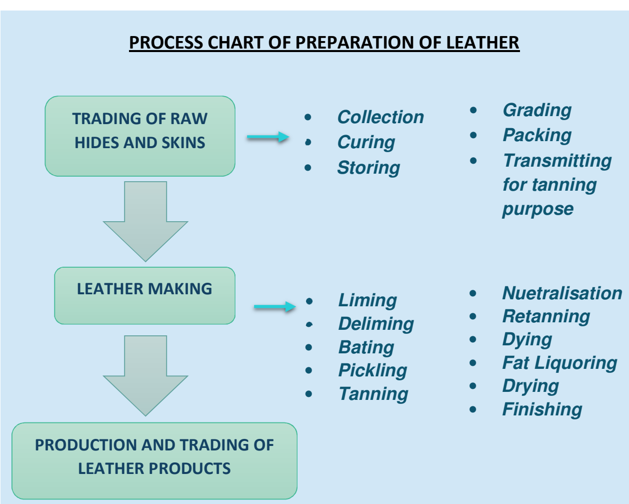
Additionally, the labour surplus in India provides additional incentives to the leather industry. The industry employs about 4.42 million[2] people of which approximately 30% constitutes women. Given the significant contribution of leather industry to the GDP of the country, the Government of India has also made endeavors on ushering new innovations and promoting the sector. The Indian Leather Development Programme (ILDP) implemented by the DIPP introduced during the 12th Five Year Plan (2012-2017) with an outlay of 1145.01 crores, has been one of the attempts of the government to promote the sector. Owing to the success of the programme in boosting trade and exports of the sector, the Government of India has extended it by three more years i.e. till 2020.

Key drivers of Leather Industry in India

The success of the Indian leather industry on a global scale can be attributed to the few key drivers of the industry

- Ready availability of raw materials
- High number of youth workforce- the average age of workers working in the Indian leather industry is 35. It is one of the sectors with highest number of youth workers.
- Favorable government policies for the promotion of the industry
- Increasing domestic market due to better accessibility to changing fashion trends and others

Preparation of Leather



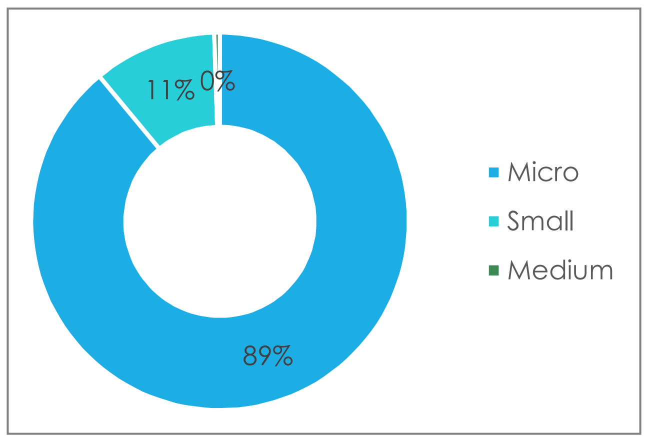
[2]http://businesseconomics.in/indian-leather-industry-positioned-growth

The chart below shows the broad structure of the leather industry. Leather industry in India can be broadly segregated into three divisions based on the nature of activities. While the bigger industries are primarily engaged in Leather making and production and trading of leather products, trading of raw hides and skins are carried out mostly by the small sector enterprises and unorganized sector.

MSMEs IN LEATHER INDUSTRY

The leather industry can be divided into Organised and Unorganised sector. While the organized sector is marked by use of modern technology and incorporation of higher value of mechanization, the unorganized sector is usually engaged in small scale operations based on manual and labour

Figure 3: MSMEs engaged in manufacturing of leather and related products

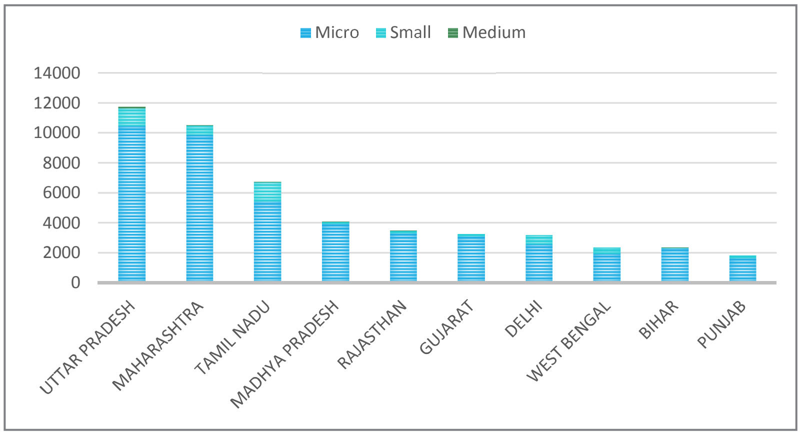


Source: National Accounts Statistics

intensive technology. MSMEs constitute almost 70% of industries engaged in manufacturing of leather and leather products spread across both organized and unorganized sector. As per the UAM data, there are 56520 registered MSMEs engaged in manufacture of leather and leather products. While majority of enterprises engaged in the said activity are micro, there are only about 271 registered medium enterprises manufacturing leather and related products. However, the number suggests only those enterprises registered with the UAM and does not represent the total number of enterprises manufacturing leather or related items.

While the manufacturing of leather and related goods is spread across the country, the top ten states leading in the production of leather and leather products are as shown in the chart

Figure 4: Top 10 states manufacturing leather and related products



Source: UAM data

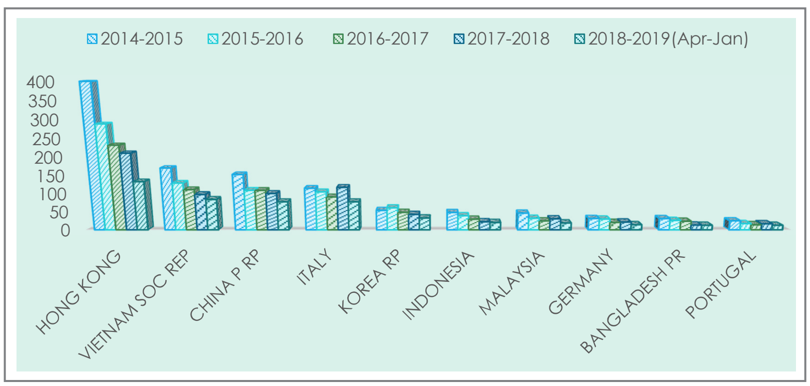
MSMEs are spread across almost all activities concerned with manufacturing of leather and leather products. However, they are predominately engaged in manufacturing of footwear, garments and saddlery and harnesses, and leather goods. The table below gives a brief idea of the type of leather products manufactured segregated by the type of industry

EXPORTS

The leather industry in India has a fair share in the global market. It is the second largest exporter of leather garments and third largest exporter Saddlery and Harnesses. It also occupies fifth position in production of leather goods globally. The export of leather has shown a variable trend over the last few years which can be attributed to the effects of dynamic global market.

The figure below provides a list of the top importer of leather and leather products from India and their status over the last five years.

Figure 5: Top 10 countries importing leather and leather products from India



Source: UAM data

Table 1: Manufacture of Leather products segregated by Industry type

Product	Large Units	Medium Units	Small Units	Micro Units	Merchant Units	Total
Finished Leather	30	49	309	68	151	607
Leather Footwear	38	46	228	49	81	442
Non-leather Footwear	4	2	34	13	17	70
Footwear Component	29	32	182	28	22	293
Leather Goods	14	13	242	259	210	738
Leather garments	8	8	132	49	72	269
Leather gloves	4	3	38	36	24	105
Harness and Saddlery	3	9	74	69	26	181
Total	130	162	1239	571	603	2705

Source: MOCI/DIPP/Working Group Report/12th Five Year Plan /Leather Industry

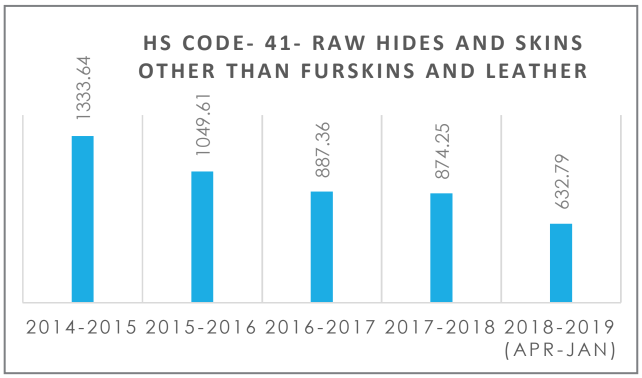
India exports leather in form of raw hides, leather bags, saddlery, travel goods, footwear and other leather items. Broadly they are covered under three codes as described below,

HS Code	Description
41	Raw hides and skins other than fur skins and leather
42	Articles of leather, saddlery and harness; travel goods, handbags and similar cont. articles of animal gut (other than silk-worm) gut.
64	Footwear, gaiters and the like; parts of such articles.

Export of raw hides, skins and leather

The export of raw hides, skins and leather witnessed a decline in the global market. While the exports of leather and related products showed a decline of 9.84 percent and 3.56 percent during 2015-16 and 2016-17 respectively, however, leather exports increased by 5.25 percent in 2017-18. Analysis of export data also indicate the higher global demand of dressed and prepared leather than for raw hides and skins.

Figure 6: Export of Leather (Value in US$ Million)



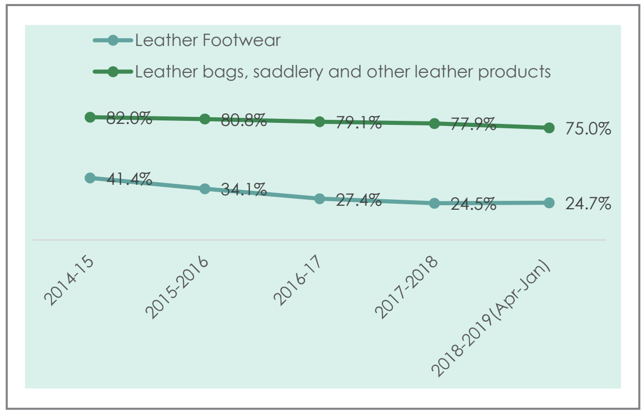
Source: DGCIS

Export of Leather Footwear and Leather Travel-bags, saddlery and other related products

Leather footwear accounts for a major proportion of the overall exports of footwear listed under the HS code 64. While the overall exports of footwear declined over the last five years, the proportion of leather footwear exports also witnesses a decline by approximately 24%.

Similarly, the leather segment of export of footwear, travel bags, saddlery and others is higher than those prepared from other materials. The leather segment contributes to approximately 75% of the items exported within the saddlery, travel bags and other items.

Figure 7: Export of Leather Footwear, saddlery, bags and other leather products



Source: DGCIS

Export of leather footwear includes HS Codes 640319, 640320, 640351, 640359, 640420, 640510. Export of Articles of leather, saddlery and harness, travel goods, handbags include items specified under HS Code 42021, 420221, 420231, 420291, 420310, 420321, 420329, 420330, 420340, 420500, 640319, 640320, 640351, 640359, 640420 and 640510

Analysis of data suggests a decline in the overall exports of the items mentioned under HS Code 42 which is replicated by the leather items of the segment.

Primary reasons for the decline in export of leather and leather products can be attributed to[3]

- Recession in the major markets of European Union which is one of the major importers of Indian leather products, with almost 55% of exports dedicated to European markets.
- Instability in the middle-east countries
- Stiff competition from polyutherane garments to the leather garments segments
- Decrease in demand of non-leather footwear in African countries due to emergence of production centers in those countries and
- competition from China and decrease in global imports of finished leather

[3] http://pib.nic.in/newsite/PrintRelease.aspx?relid=178356

ISSUES

- While India has one of the most flourished leather industries on a global scale owing to the ready availability of resources, there still remains room for their optimum utilization. Most of the tanneries in India are still equipped with old technology marked by inept treatment of pollutants and are responsible in inefficient use of water and chemicals.
- A study conducted on behalf of the India's Ministry of Science and technology brings out the facts about India's tanning industry,
- The raw hides and skins are salt preserved in India. This causes serious problem of excess of salt in tannery effluent
- The yield of leather from wet salted stock is lower in India than international norms. This is partly due to higher level of process waste
- The chemical consumption in Indian tanneries is about 25% to 30% higher than international norms. This is due to the use of inefficient equipment and processes and absence of recycling.
- The specific water consumption in Indian tanneries is more than double that of tanneries in developed countries.

	Average consumption of water in litre/sq.ft
Tanning units in India	40
Tanning units in other developed countries	12-15

- A majority of tanneries in India are very old and their layout is not very efficient. This leads to bottlenecks for process and material handling. In addition, poor hygiene, ventilation and lighting poses risk to the workers' health.[4]

[4] http://planningcommission.nic.in/aboutus/committee/wrkgrp12/wg_leath0203.pdf

SCHEMES SPECIFIC TO LEATHER INDUSTRY

'Indian Footwear, Leather & Accessories Development Programme (IFLADP)' with an approved expenditure of Rs. 2,600 crores over the three financial years from 2017-18 to 2019-20.

The Minister informed the House that there are seven sub-schemes under IFLADP and listed out the various details of the sub-schemes

INDIAN FOOTWEAR, LEATHER & ACCESSORIES DEVELOPMENT PROGRAMME (IFLADP) Approved expenditure: Rs. 2600 Crores **The scheme has** 7 sub schemes **addressing all aspects of leather industry.** The brief of the sub-schemes are as follows:		
1	**Human Resource Development (HRD) sub-scheme**	provides assistance for Placement Linked Skill Development training to unemployed persons @ Rs. 15,000 per person, for skill up-gradation training to employed workers @ Rs. 5,000 per employee and for training of trainers @ Rs. 2 lakhs per person.
2	**Integrated Development of Leather Sector (IDLS)**	Incentivizes investment and manufacturing including job creation by providing backend investment grant/subsidy @ 30% of the cost of new Plant and Machinery to Micro, Small & Medium Enterprises (MSMEs) and @ 20% of the cost of Plant and Machinery to other units for modernization /technology upgradation in existing units and also for setting up of new units.
3	**Establishment of Institutional Facilities sub-scheme**	Provides assistance to Footwear Design & Development Institute (FDDI) for upgradation of some of the existing campuses of FDDI into "Centers of Excellence" and establishing 3 new fully equipped skill centers alongside the upcoming Mega Leather Cluster.
4	**Mega Leather, Footwear and Accessories Cluster sub-scheme**	Provides infrastructure support to the Leather, Footwear and Accessories Sector by establishment of Mega Leather, Footwear and Accessories Cluster. Graded assistance is provided up to 50% of the eligible project cost, excluding cost of land with Government assistance being limited to Rs. 125 crores.
5	**Leather Technology, Innovation and Environmental sub-scheme**	Assistance is provided for upgradation/installation of Common Effluent Treatment Plants (CETPs) @ 70% of the project cost. The sub-scheme also provides for support to national level sectoral industry council/ association and support for preparation of vision document for Leather Footwear and Accessories Sector.
6	**Promotion of Indian Brands in Leather, Footwear and Accessories sub-scheme**	Eligible units approved for Brand Promotion are assisted. Government assistance is limited to 50% of total project cost subject to a limit of Rs.3 crores for each brand, each year for 3 years.
7	**Additional Employment Incentive for Leather, Footwear and Accessories Sector scheme**	Employers' contribution of 3.67% to Employees' Provident Fund for all new employees in Leather, Footwear and Accessories sector are provided for enrolling in EPFO for first 3 years of their employment.

BUILDING A "NIRMUKTA" MANUFACTURING ECOSYSTEM

Empowering and fuelling MSMEs in India, triggering the next phase of growth and leadership

– Sudhir Mehta, Chairman Pinnacle Industries, Pune and Past Chairman, CII Western Region

Despite internal and external economic constraints, India is still being viewed as a fast-growing economy. Global economic relationships, captive consumption and boost in ease of doing business ranking has led to enhancement in the Indian economy and the outlook still stands seemingly positive. Amidst other factors, one of the key elements fuelling the growth of India is the emergence of Micro, Small and Medium Enterprises. If the Indian economy must revive its growth trajectory, it needs to focus on empowering the manufacturing sector with better and favourable policies with better access to finance.

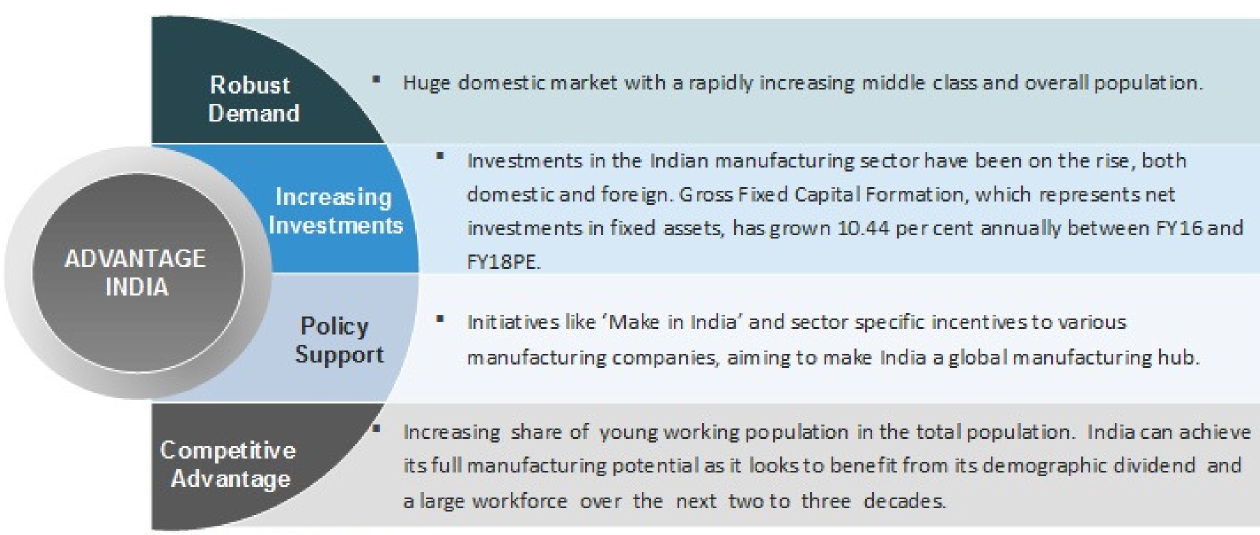
MSMEs – Introduction

Micro, Small and medium enterprises (MSME) sector, known as India's 'Engine of Growth', have grown significantly over the years on the back of increasing awareness, digital advancements and better opportunities that have encouraged many entrepreneurs to offer innovation and emerge as success stories. MSMEs play a pivotal role in the economic and social development of the country. It also plays a key role in the development of the economy with its effective, efficient, flexible and innovative entrepreneurial spirit. In India, MSMEs contribute 31% of the GDP, 45% of exports, employ over 124 million people and create nearly 1.3 million jobs every year. Entrepreneurial growth and development is not restricted to the urban sector only, of 55.8 million MSMEs, 59% are based in rural India.

Over the past decade, MSME sector has been growing rapidly bolstering the growth of the Indian economy and on the strength of domestic consumption and entrepreneurship. The major advantage of this sector is its capability to generate employment at low cost. The MSME sector is highly heterogeneous. There are different sizes of enterprises, variety of products and services and level of technology. It helps in the industrialization of rural and backward areas. It reduces regional imbalances. It provides equitable distribution of national income and wealth.

Challenges

Though, MSMEs are considered as the backbone of the Indian economy, contribute in GDP and GNP of



Note: PE – Provisional Estimate

India and act as a breeding ground for entrepreneurs to grow from small to big, MSME Sector has been witnessing various constraints and its overall potential is being capped for various reasons. Some of the challenges include:

a) Absence of adequate and timely banking finance

b) Limited capital and knowledge, non-availability of suitable technology

c) High cost of credit

d) Favourable Government policies

Leading to:

a) Ineffective marketing strategy

b) Lack of skilled manpower for manufacturing, services, marketing etc

c) Lack of access to global markets

d) Constraints on modernization of expansion

e) Problems of storage, designing, packing and product display

f) In adequate infrastructure facilities, including power, water, roads

Financial Constraints

Amongst the above mentioned constraints faced by the sector, finance and financing costs are the two key factors that directly impact the growth and survival of the manufacturing and services sectors. As per the IFC report 2018, overall finance demand by MSMEs is INR ~87.7 lakh crores of which INR ~69.3 lakh crores are debt requirement of which INR ~48.5 lakh crores are required for working capital and INR ~20.8 lakh crores are capex investment required for fixed assets.

Whereas the Indian banking system including Private and public banks, NBFCs and foreign financial institutions form the formal part of the financial ecosystem to provide the desired capital, there is a huge gap in catering to the finance requirement of the manufacturing and MSME sector leading to certain micro enterprises falling under service sector such as retail shops, small retail trade and repair shops preferring to raise capital from informal resources. This preference is due to ease of access, speed of disbursal and need of minimal documentation. Since banks and NBFCs are perceived to have bureaucratic and opaque processes that do not favour MSMEs, majority of MSMEs seek credit from money lenders and friends because it is easy to get loans without any loss of time. Of the total debt requirement of INR ~69.3 lac crores ($1.07 trillion), only INR ~10.9 lac crores are raised from formal sources and INR ~58.4 crores are raised from informal sources.

There are several reasons why entrepreneurs and start-ups are opting for informal sources of raising capital. On the supply side, high cost of transaction, innovation, risk appetite and outdated underwriting processes are some of the factors, and on the demand side existing debt, need for collateral and information / policy asymmetry are the key factors, leading to preference for informal sources of raising capital.

Bias of financial institutions towards MSMEs is surprising even though NPA rates in the MSME portfolio continue to remain lower than those for the large corporate segment. NPA rate in MSME portfolio was ~11.5% in 2018 compared to 19.5% in large and medium accounts. This can be evaluated against backdrop of overall NPA rate for the commercial lending portfolio which was in the range of 14-15 % during this period. Entities with credit exposure in the range of INR 10 lakhs to 5 Crore demonstrated lower NPA (~8%) compared to other entities (~11%) classified as MSMEs based on their credit exposure.

Recommendations for empowering the Indian Manufacturing Sectors

Indian manufacturing sector, especially the MSMEs and unorganized manufacturing and services sectors are on a growth trajectory. Ease of doing business, regulatory approvals and easy access to capital would help in amplifying their growth as well as the growth of the overall Indian economy. With the union election recently concluded, the Government should now focus on empowering the manufacturing sector, thereby setting in motion the overall economy.

Given the size, scale and potential of micro, small and medium manufacturing and services sector of India, the new Government should focus on two primary factors:

1. Finance Availability and Interest Rates

2. Debt Financing, Equity Financing, VC, PE and FDI

1. Finance Availability and Interest Rates
   a) Triple Credit Growth. Minimum 200 BP further reduction in rates by RBI needed
   b) Reduction in Net interest margin of banks by increasing competition
   c) Banks to restart risk-based lending to manufacturing sector. Also lending to risky ventures to be enabled (Future Industries can only be created by intelligent risk taking)
   d) Differential CRR / SLR by RBI towards banks - Reduction only in case lending rate to industry is reduced
   e) Capitalize on the reach of informal money lenders
   f) Expedite the processes / changes necessary for facilitating movable asset-based lending. You can take 1 crore luxury car on finance in one day but not a machine!
   g) Take remedial measures to enhance the effectiveness of the Credit Guarantee Scheme
   h) Tripling Credit Growth & improving credit availability can create ~20-25 million new jobs over a few years as well as reduce inflation. Also improve export competitiveness.

2. Debt Financing, Equity Financing, VC, PE and FDI
   i) Collaterals sought by Banks to be limited to 133% of the exposure rather than unlimited collateral in sync with the limited liability principle.
   j) Personal Guarantees to be taken only in the case of collateral shortfall and not otherwise where enough collateral is available from firm's resource
   k) In case of collateral shortfall, personal guarantees to be taken from Whole time / Executive Directors only and not from External Directors, who provide guidance and have no role to play in the day to day operations
   l) Requirement to return Bank Guarantees (BGs) to close claim period needs to be removed. The sanctity of the claim period as stated in the BG should be honoured and any existing anomalies to be removed
   m) Charges for the BGs for over 2 years to be debited on an annual basis and not upfront as a step to ease cash flow pressures on the MSMEs. Annual BG charges for longer period validity should be lower for subsequent years due to diminishing efforts required by the Bank
   n) In line with the "No Claim Bonus" discounts for Insurance, those MSMEs having no defaults should progressively receive discounts on the "normal" margin requirements for these facilities commensurate with their lower risk profile
   o) Like London Stock Exchange, other Global Stock Exchanges should also be invited for easy and affordable equity
   p) Bank officials to be insulated from honest failures.
   q) More Social Venture Funds be encouraged so that the conversion of Micro Enterprises to Small Enterprises can be factualized
   r) Simplification of IPO process to encourage more companies to access capital markets. SEBI compliances have stopped flow of domestic capital to such entities.

Be it defaulting business enterprises, NBFC fiascos or increasing corporate NPAs, past couple of years have been witness to several incidents which have led to resource crunch and tighter liquidity. Given that banking and financial system plays a vital role in the economic growth of a nation, and while in the current scenario where the Indian financial ecosystem is at the crossroads of reorganizing itself, one sector which is suffering the most is SME and MSME. Testing time lies ahead for the new Government as regards to its economic policies and performance of Indian Economy post demonetization, implementation of GST, make in India and other key reforms brought about to propel the economic development faster. Micro, Small and Medium Enterprises are the propellers of growth, economy and employment in India and have a potential of competing globally if provided with the appropriate business environment. It's time for the Government to "Nirmukta" them from the challenges on hand and empower them to make a difference globally.

ENSURING FINANCIAL SECURITY FOR THE FAMILY

(Contributed by Finance Partner- AVIVA Insurance)

Let us talk to Mr. Praful Mohan Srivastava, a successful SME.

Mr. Srivastava's absolute primary financial objective is to make sure that his family always has enough money to meet their basic needs. No matter what's going on in their lives, he wants to be able to afford food, shelter and clothes. Beyond that he'd like to always have enough to keep their daily lives stable so they can keep going to school, meeting up with friends, and the other little things that make up a regular life.

He wants his family to also live without the worry of money issues causing a big disruption in their lives.

Mr. Srivastava has bank savings, FDs and he also has insurance policies. 'It's really the only way I can afford to provide a truly stable financial environment for my family, so it's one area where I refuse to skimp', says Mr. Srivastava.

As the owner of a saddle and leather straps factory, he often does business with clients based outside of India. He received a rather large order in October 2015 from Germany. This would require him to increase the factory output to almost 2 times for the period of 7 months if he was to meet his deadline.

This required increasing equipment, hiring more people, raw materials etc. Since the order was a rather good one and from a reputed business house, he went full throttle to make this deal a success.

While everything was fine till the end of the 5th month, there was a major breakdown in the lab where the finishing machines do the final coating of the leather which provides the color and the texture.

This was a huge setback as not only were the colors not being mixed and applied as per the order specifics but about 1/3rd of the goods were now disqualified due to wrong colour coated and even re-applying of new colors would not make these go through quality control for delivery.

By the end of the 7-month period only about 40% of the finished goods made to through quality control for the final export order. This brought a huge set back to the business. Creditors had to be paid off. The business now owed around 40 crores.

Mr. Srivastava could raise almost 40% of the amount. But the rest had to be settled by liquidating assets owned by Mr. Srivastava. The bank attached parts of his estates and almost all of his bank accounts were frozen.

Through all the ups and downs he faced, Mr. Srivastava had been able to provide financial stability and security to his wife and children.

What did Mr. Praful Mohan Srivastava do?

Mr. Srivastava created an irrevocable trust for his wife and children.

Do you want to know how?

Mr. Srivastava bought a policy on his life under MWPA.

What is MWPA?

MWPA stands for Married Women's Property Act, 1874, which was enacted by the Indian legislature to make, among other things, certain provisions for insurance on lives by married persons.

How does it help?

A married man can, by taking a policy on his life, make a safe provision for his wife and children which is beyond his or his creditor's control. The policy is deemed to be a trust, for the objects therein named without the trouble and expense of executing and registering an instrument of trust.

What is this Section 6?

"Section 6" refers to section 6 of the MWPA which basically provides for the following:

- Creation of deemed trust

- A married man can "buy" a policy for the benefit of his wife and/or children
- Once created, the trust property shall be out of the control of the husband, his creditors and his heirs*.

* Nothing shall operate to destroy or impede the right of any creditor to be paid out of the proceeds of any policy of assurance which may have been effected with intent to defraud creditors.

Who can be trustees?

Anyone over 18 and competent to contract can be a trustee. Trustees can be appointed by the policy itself, and nothing further is necessary to perfect their legal title.

Who may be interested in MWPA policy* ?

Some key SME profiles

Builder

Risk of litigation

Exposure much higher than personal net worth

Assets frozen hence life style could get adversely impacted

Risk of working capital getting blocked

How will MWPA benefit

- If your assets get frozen then the family has an encumbrance free estate to depend upon

Exporters

High risk nature of business

Exporters run the risk of political, economical instability of the country of export

Assets frozen hence life style could get adversely impacted

Risk of working capital getting blocked

How MWPA will benefit

- A policy under MWPA will provide continuous stream of funds to maintain the life style of the family & the economic interest of the family will be protected against all these unfavorable circumstances

Film Distributors

Huge risk of performance of the film distributed in the market

Exposure much higher than personal net worth

Assets frozen hence life style could get adversely impacted

Risk of Working Capital getting blocked

How MWPA will benefit

A Policy under MWPA will provide an encumbrance free estate to leverage for maintaining the life style of the family

*Nothing shall operate to destroy or impede the right of any creditor to be paid out of the proceeds of any policy of assurance which may have been effected with intent to defraud creditors.

Can income tax department attach a policy under MWPA to collect its dues?

In general the Income Tax department cannot attach a policy under MWPA as IncomeTax department will also be treated as a creditor. However, if the department is able to establish that the intent was to defraud the department, money used to pay premiums has been not been earned by legal means and / or AML guidelines have not been followed, in that case the dues are attachable.

Can bank/FI attach this amount?

No. Unless the wife is a co-borrower and named in the garnishee order, an MWPA policy cannot be attached.

Can it be cancelled/ revoked?

The MWPA creates an irrevocable trust and hence, it cannot be cancelled/ revoked by the policyholder. However, the trust can be modified/ cancelled/revoked by the consent of all the beneficiaries, if all of them are major, competent to contract and of one mind. The life assured then can end the trust so created with the consent of the trustees. All the beneficiaries are required to give a NOC/Consent letter. The execution of NOC/Consent letter would result in the trust, which was in the favor of the beneficiaries, being extinguished. Once the trust is revoked, the life assured becomes the owner of the policy.

Is it absolutely creditor proof?

The section 6 of MWPA clearly provides that the policy „shall not be subject to the control of the husband or of his creditors or form part of his estate". Hence, a policy under MWPA is creditor proof. However, if this trust is created to defraud creditors then this right of the creditors will not be impeded or destroyed by the creation of the trust.

How can Aviva help?

- Differentiated Expert Team & Propositions to cater to MSMEs
- End to end creation of assets under the MWPA Trust
- Qualified Financial Advisors for providing expert advise for need identification and helping secure appropriate assets

Life Insurance + Married Woman Property Act (MWPA)

= Encumbrance free assets for your family

3D PRINTING – CATALYST FOR THE 4TH INDUSTRIAL REVOLUTION

(Article contributed by Technology Partner- HP)

The way manufacturing is done around the world is witnessing a sea change. History shows us that technology plays a massive role in shaping the way we engage with one another and with our work. The Pre-Industrial era of manufacturing on a one on one basis evolved to mass-based production model during Industrial revolution which further travelled hundred years to the Internet era introducing computers which enabled us to speed things up. Manufacturing currently is ready to taste the Fourth Industrial Revolution also known as Industry 4.0. Artificial Intelligence, Internet of Things, Big Data Analytics, Robotics and 3D Printing are key drivers of this Fourth Industrial Revolution.

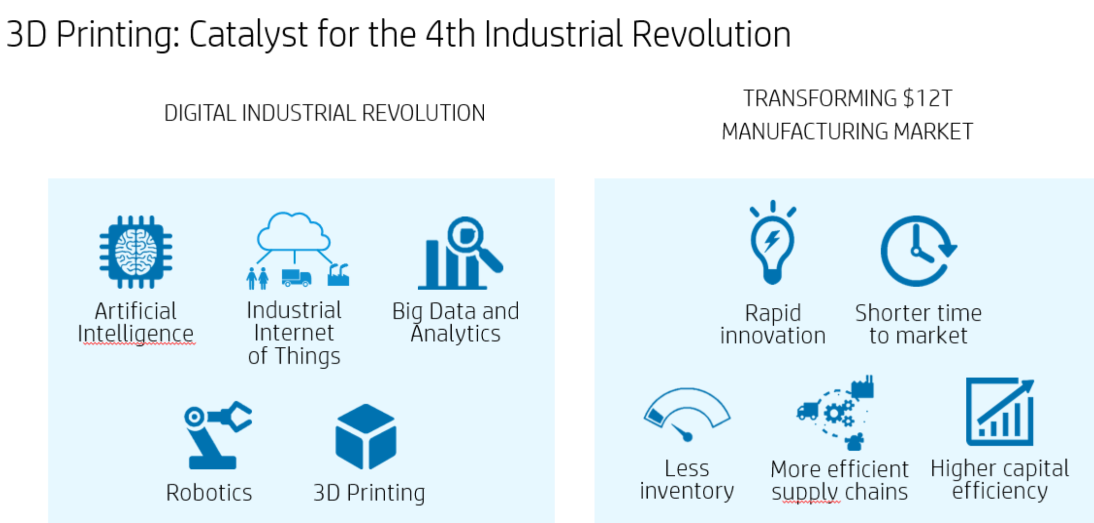
Industry 4.0 gives a manufacturer ample scope to benefit from this 3D transformation for its business. Manufacturing is globally $12 Trillion market and 3D Printing has a great potential to reap benefit out of it. Key factors favouring this kind of manufacturing are rapid innovation, shorter time to market, less inventory, more efficient supply chains and higher capital efficiency. All of this is possible by adopting 3D Printing in manufacturing. It's about end-to-end process, from imagination and idea to final printed product. This means creating natural and intuitive ways to scan and bring physical objects into the digital world, as well as create entirely new objects using just our imagination. 3D Printing which is also known as Additive manufacturing is a technology which is used to manufacture prototype parts by printing them layer by layer. This technology has found its relevance in every major industry viz. automotive, aerospace, defence, consumer goods, electronics, medical and dental devices.

3D Transformation is HP vision for how Blended Reality will impact the manufacturing industry – and we cannot underestimate its influence. History shows us that technology plays a massive role in shaping the way we engage with one another and with our work.

PRE-INDUSTRIAL – ERA OF 1-TO-1: Little more than 150 years ago when the craftsman was the producer/maker/manufacture

INDUSTRIAL REVOLUTION – 1-TO-MANY OF 1: Handmade gave way to blue-prints and specs linked with mass production. The Split of Designer and manufacturer

FAST-FORWARD ~100 YEARS TO THE INTERNET ERA: Basic processes remain the same, only Computers are added to speed things up (e.g. Calculations on the Design side) and JIT production in



manufacturer. Still the Era of 1-to-Many-of-1. Inventory in Warehouses, and complex supply chains.

WE'RE ENTERING THE ERA OF "3D TRANSFORMATION"

It's about the end-to-end process, from imagination and idea to final printed product. This means creating natural and intuitive ways to scan and bring physical objects into the digital world, as well as create entirely new objects using just our imagination.

Then we need ways to upload those 3D models, to customize them, to secure them, to share them, to publish and to sell them. And finally, we need ways to bring the result back into the physical world, through 3D Printing.

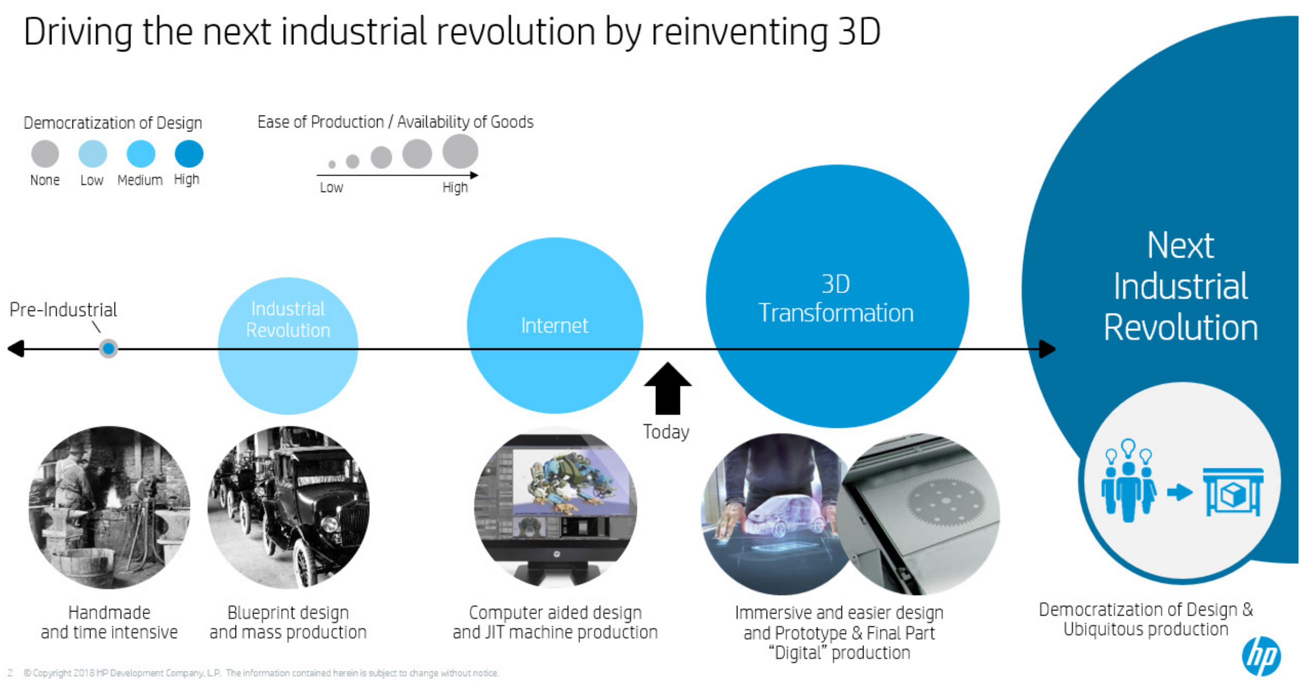
For manufacturers, the 3D Transformation will mean:

- On-demand production will replace mass production
- Digital workflows will replace analog workflows
- Personalized manufacturing will replace the "one size fits all" approach
- Localized production will replace centralized production
- The platform economy will replace the product economy

The Industry 4.0 concept in Germany started with a focus on the "smart factory", which provides highly flexible production systems for individualized goods. At HP, we go beyond the smart factory. Our understanding of digital transformation is broader in that we are focused on redefining the boundaries between the physical and digital worlds – creating a new Blended Reality.

Some of the reasons why additive manufacturing is important in the rapid prototyping and manufacturing industry.

1. **Simplified product design:** Application of 3D Printing allow a prototype to have multiple shapes e.g.it can have a complex polygon shape at the start and end with a circular structure at the tail end. The smooth transition from a polygon to a circle is difficult to achieve with conventional manufacturing methods but can be easily accomplished using 3D Printing.
2. **Reduction in Weight:** use of 3D printing technology drastically cut down weight of the finished product. Evolution of design which is possible in 3D Printing allows reduction in weight in the final product by as much as 90%. This technology either cure, extrude, melt or sinter material only where its producing honeycomb structures with higher strength-to-weight ratio as compared to completely solid structures. Apart from weight reduction this also improves part performance.



3. **Complex geometries:** 3D Printing brings innovation at the forefront. Designers and engineers can try different iterations without the added costs associated with traditional manufacturing methods. As we look in to the future, it is clear that role of 3D Printing will only continue to grow steadily. It will not completely replace traditional manufacturing methods such as injection molding and die casting, but it will continue to build its footprint. This technology makes it possible to produce prototypes that were once considered extremely difficult to produce using traditional manufacturing technologies

3D Printing Technology will play an immense role in enhancing the MSME segment. Today Small and Medium Industry in India are struggling to stay relevant with technological advancement. The only way they can catch up with global competition is to adopt Industry 4.0 and new manufacturing technique like 3D Printing. This would need complete Manufacturing transformation. The adoption of this process will equip the SMEs with Technology edge to make them competitive in the global market. They will also be able to cut down their cost of production, reduce wastage, and produce innovative products and designs.

The market for 3D Manufacturing can be divided in three segments:

1. **Final Manufacturing** - Short runs (HP allows for short & mid runs), Spare parts (new business because instead of having to store a warehouse of parts, you print on demand), Finished products
2. **Tooling** – Three different types: Patterns, Jigs & Fits, Metal casting (use a master that serves to create a mold)
3. **Prototyping** – There are many different reasons for prototyping: to fit an assembly, functional prototyping, presentation models, and Visual Aides .In addition to the impetus which 3D Printing technology will provide SME sector in their businesses, it will also help the youth of our country acquire a new skill which in turn will create huge number of jobs. It is expected that by year 2025 the manufacturing sector in India will cross 1.5 Trillion dollars. Additive Manufacturing or 3D Printing is key technology disruption in this sector.

Some of the key areas where this technology can act as a disruptor: -

- **Defence, Space and Research:** Sectors like Defense, Space and Research are benefited when designs are completely done grounds up for additives and short run production are carried out immediate basis with need for inventory planning. Additionally, Spares can be printed on the go and hence eliminate the need for stock the expensive spares.
- **Orthopaedics and Medical devices:** Additive manufacturing help create customized medical aid and devices.
- **Gems and Jewellery Industry:** 3D Printing have been used successfully to create new innovative design in Jewelry. For many years this Industry has benefited from use of 3D Printing.
- **Startup Industry Support:** Additive Manufacturing will provide backbone to new startups. These startups would get access to the latest technology at fraction of cost in the services model
- **Other areas:** Artisan community support, Archaeological survey and restoration

The SME sector can also benefit from HP's 3D Printing centres in India. They can experience this technology and initiate themselves in adoption of this new medium. In India, HP has 3D Printing centres in Noida, Mumbai and Chennai. SME can connect, experience and use this new technology for manufacturing their products at these centres.

SME, Entrepreneurs and student can also enrol for the training on 3D Printing.

The link for the same is: -

https://hplife.edcastcloud.com/learn/3d-printing-open?locale=en

Learn more about HP Multi Jet Fusion Technology at: - hp.com/go/3DPrint

Connect with an HP 3D Printing expert or sign up for the latest news about HP Jet Fusion 3D Printing:

hp.com/go/3Dcontactus

OUR INITIATIVES

FINANCE FACILITATION CENTRE

Despite MSME's critical importance to the economy, the sector has been facing challenges due demand supply mismatch in financing. Some of the pronounced issues which has been plaguing the sector are which restrict their growth in order to function in their full capacity

- dearth of funds with various financial institutions
- higher interest costs,
- complicated setup procedures for the MSMEs,
- long receivables cycles leading to disruption in the smooth working capital management,
- taxation policy,
- market uncertainty, imperfect competition, limited access to trained labor, etc.

CII in line with the government has taken several measures to empower the MSMEs by collaborating with various institutions to cater to the MSME's needs. CII SME Finance Facilitation Center in association with its several financial institutional partners is one such initiative that has the sole aim of providing handholding support in the form of service assistance and spreading awareness to the MSMEs not only in the financing space but also in other domains like credit rating, compliance and Insurance for the SMEs. This center operates both offline and through an online portal and is a one stop shop, aggregating financing and other allied options from multiple large financial institutions. Till date, the Centre has reached out to over 4000 SMEs across the country and organized around 60 technical sessions wherein presentations were delivered by our partnering institutions.

SOLUTIONS OFFERED

- Information sharing about various SME Schemes of Banks/ Financial Institutions
- Facilitation to MSMEs for assessing funds and other allied requirements
- Advisory / Guidance Support to SMEs for financing, credit rating, compliance advisory and insurance services
- Creating Financial literacy amongst MSMEs through various activities under FFC
- Sharing of information on various financial products of banks and other financial institutions for MSMEs

TECHNOLOGY FACILITATION CENTRE

The centre was launched in November 2016 to provide latest technological support to MSMEs. TFC provides facilitation service interconnecting technological solution providers with remote SMEs across the country and creating awareness amongst SMEs across the country on cutting edge technological solutions. It also helps in demonstration of technological solutions for more efficient usage and adoption by SMEs and automatic linkage to CII-FFC for credit facilitation support.

The objectives of the centre are;

- Highlight significant technological solutions that facilitate in enhancing the competitiveness of Indian MSMEs
- Create awareness amongst Indian SMEs about latest technological solutions available and ways to leverage these to their advantage
- Demonstrate various uses of technological solutions through presentations by technical experts

Few of the highlights of the centre are as follows,

- Operates as a one stop shop, through online portal www.ciitfc.in , summating different upgraded and latest technology from multiple technology partners.
- MSME applicants can access multiple technology providers serving MSMEs with their technology.
- Technology providers to network and interact with potential customers and gain insight for product development and diversification


CII
Confederation of Indian Industry
MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES
GOVERNMENT OF INDIA
Department for Promotion of
Industry and Internal Trade
Government of India
SANNAM S4
EXPLORE • ENTER • EXPAND
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MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES
GOVERNMENT OF INDIA


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GOVERNMENT OF INDIA
Department for Promotion of
Industry and Internal Trade
Government of India


CII
MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES
GOVERNMENT OF INDIA

Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded in 1895, India's premier business association has around 9000 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from around 276 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

India is now set to become a US$ 5 trillion economy in the next five years and Indian industry will remain the principal growth engine for achieving this target. With the theme for 2019-20 as **'Competitiveness of India Inc - India@75: Forging Ahead'**, CII will focus on five priority areas which would enable the country to stay on a solid growth track. These are - employment generation, rural-urban connect, energy security, environmental sustainability and governance.

With 66 offices, including 9 Centres of Excellence, in India, and 10 overseas offices in Australia, China, Egypt, France, Germany, Singapore, South Africa, UAE, UK, and USA, as well as institutional partnerships with 355 counterpart organizations in 126 countries, CII serves as a reference point for Indian industry and the international business community.

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