



Confederation of Indian Industry

CII MSME Policy Note

INSPECTIONS AND REGULATORY ENFORCEMENTS FOR MICRO, SMALL AND MEDIUM ENTERPRISES IN INDIA

WHITE PAPER

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Overview

The MSME sector is of paramount significance for the economic growth and job creation in India. Low labour to capital ratio in the MSME sector compared to large industries and the wide and diverse geographic distribution of these enterprises make them crucial for inclusive and equitable growth across India. These enterprises are a source of healthy competition in the economy. Through the promotion of economic dynamism and innovation, they stimulate entrepreneurial spirit and the diffusion of skills in rural as well as urban areas.

In spite of their importance for the economy, these enterprises are bogged down by considerable constraints that dwarf their growth potential. Lack of access of key resources such as finance, skilled manpower, infrastructure, market access, etc. pose significant challenges for MSMEs to attain global competitiveness. In such a scenario, robust supply relationships with Central and State Public Sector Undertakings (PSUs) as well as large enterprises present a significant opportunity for MSMEs by addressing their issue of adequate market access and linkages. These supplier relationships result in larger and more consistent orders for MSMEs and the stricter requirements of a larger firm of a PSU in terms of quality, on-time delivery, cost reduction and customer service provide incentives for the MSMEs to improve their operations. Working with smaller, local suppliers presents an excellent opportunity for larger companies too in reducing lead times, inventories and logistics costs. As far as the country is concerned, the replacement of imported inputs with locally produced inputs increases the national value-added, provides a push to the local communities and promotes indigenization.

In general, greater and better industrial integration plays a major role in making the country more efficient and competitive. However, if these relationships are not managed carefully, they can quickly deteriorate, ruining the development opportunity for the MSMEs and discouraging the larger firms from expanding their network of small, local suppliers. Buying-selling relationships typically break down or fail to attain a sustainable status due to issues such as poor understanding of the customers' requirements, lack of knowhow on suppliers' part to understand and abide by the tender documentation process, low quality perception for MSMEs' products, etc. A methodical approach is required to build, sustain and nurture strong supplier relationships between large enterprises or PSUs and MSMEs which can result in long lasting benefits for all the stakeholders involved as well as for the economy as a whole.

The Public Procurement Policy for MSEs, 2012

With the objective of promoting the growth and development of Indian MSMEs by improving their market access and linkages, the Ministry of MSMEs notified the implementation of the Public Procurement Policy for Micro and Small Enterprises from 1 April 2012. The Policy is mandatory as notified under the MSMED Act 2006. The Policy calls for achieving an overall procurement of minimum 20% of total annual purchases of products produced/ services rendered by MSEs within a period of 3 years by the central ministry, government departments and PSUs. Mandatory from 1 April 2015, the policy has also earmarked a sub target of 4% procurement of goods and services, out of the 20% from MSEs owned by SC/ ST entrepreneurs.

The key elements of the Policy are discussed below:

Principle

The Policy rests on the core principles of competitiveness, adhering to sound procurement practices and execution of orders for supply of goods I services in accordance with a system which is fair, equitable, transparent, competitive and cost effective.

Procurement Goal

Every Central Ministry I Department I PSE has to set an annual goal for procurement from MSEs at the beginning of every financial year, with a view to procure a minimum of 20% of the overall total annual purchases of products produced I services rendered by MSEs in a period of three years.

After 3 years, i.e. from 01. 04. 2015, overall procurement goal of minimum 20% has become mandatory. Of the 20% target of annual procurement from MSEs, a sub-target of 4% is earmarked for procurement from MSEs owned by Scheduled Caste (SC) / Scheduled Tribe (ST) entrepreneurs. It must be noted that this is 4% of total procurement and not 4% out of 20% target. However, in event of failure of such MSEs to participate in tender process or meet tender requirements and L1 price, 4% sub-target for procurement earmarked for MSEs owned by SC/ ST entrepreneurs can be met from other MSEs.

All expenditure incurred on purchases, whether capital (on fixed assets) or revenue (recurring) in nature, is to be considered while calculating the minimum amount of demand @20% of total procurement of goods and services to be raised from MSEs. The total procurement would also include all items purchased-indigenous or imported.

Only MSEs registered with any public agency, i.e. the District Industries Centres (DICs)/ Khadi & Village Industries Commission (KVIC)/ Khadi & Village Industries Board (KVIB)/ Coir Board/ National Small Industries Corporation / Directorate of Handicrafts and Handloom or any other body specified by Ministry of MSMEs, are eligible under the Public Procurement Policy.

The Ministry of MSME has also launched the Udyog Aadhar Memorandum which is an online registration system w.e.f. 18 September 2015. All MSEs in possession of an Udyog Aadhaar Memorandum will also be provided all the benefits available for MSEs under the Public Procurement Policy, 2012.

MSEs will be considered as owned by SC/ST entrepreneurs, as per the following definition:

Type of Enterprise	Criteria
Proprietary	Proprietor is SC/ST
Partnership	SC/ST Partners hold at least 51% shares of the unit
Private Limited Company	At least 51% share is held by SC/ST Promoters

Procurement Coverage

The Public Procurement Policy is applicable to all the Ministries, Departments and Central PSUs, irrespective of their volume or nature of procurement. The only exception to this notification is the Ministry of Defence. Defence armament imports are not included in computing the 20% procurement goal for the Ministry of Defence. Further, defence equipment like weapon systems, missiles, etc. are also beyond the purview of the policy. The monitoring of goals set under the policy will be done, in so far as they relate to the Defence sector, by Ministry of Defence itself in accordance with suitable procedures to be established by them.

This policy is strictly restricted to the procurement of goods produced and services rendered by MSEs alone. It does not include trading activities. The 358 items currently reserved for purchase from the MSE sector will continue to be reserved for MSE.

Requests for exemption

PSUs/central ministries/departments may request the Review Committee for exemption in the purchase of goods that are not considered suitable for supply by MSEs. The Review Committee may consider such requests for exemption from the 20% target on a case to case basis and will monitor achievements under the Policy.

Price match-making facility

If the L1 price by a non-MSE is the lowest, participating MSEs quoting a price within a band of L1+15% will be allowed to bring down their price to match L1 price. Such MSEs are allowed to supply at least 20% of total tendered value. In case there is more than one such MSE, the supply will be shared proportionately (to tendered quantity). In case the tender item is non-split-able or non-divisible, an MSE quoting a price within the price band L1+15% may be awarded full or complete supply of L1 of total tendered value, if it matches the L1 price.

Earnest Money Exemptions

MSEs must be provided tender sets free of cost, and are exempted from payment of earnest money.

Sub-contracting

Public Procurement Policy states that the annual goal of procurement also includes subcontracts to MSE units by large enterprises and consortia of MSE formed by NSIC. In case of any such sub-contractual arrangement entered into with an MSE, the payments made on account of the sub-contract to the MSE by the contractor for the purpose of execution of PSEs' contract will be considered a part of the PSEs' annual procurement expenditure on MSEs. Subcontracting is an important tool made available under the policy. This provision can be effectively used by procurement authorities to meet its MSE procurement target in a situation where the nature of procurement (turnkey projects, special requirements etc.) can be fulfilled only by large companies. To allow flexibility to the procuring agency, the policy has not prescribed any specific roadmap or tool for implementing and measuring MSE procurement through sub-contracting mode. Therefore each agency is free to devise its own mechanism.

However, adoption of following processes is likely to ensure a systematic approach:

- Identification of procurement area where sub-contracting is feasible and practical
- Preparation of Tender / Request for proposal documents: At the time of drafting the bid documents, clauses pertaining to MSE subcontracting should be added with full details on who can be considered an MSE, requirement of documentation from main suppliers, etc. In the technical evaluation parameters/criteria, additional points/weightage can be allotted for inclusion of MSE as subcontractor.
- Monitoring and Reporting: Responsibility of ensuring that subcontractor is MSE should be allocated to main contractor with clear contractual provisions.

Rate Contracts

Rate contract is an effective mechanism adopted by the many procuring organizations to manage fast procurement process and also to bring in cost reduction. The Public Procurement Policy encourages usage of rate contracts wherever applicable.

Vendor Development Programmes

Limited information, low skill sets, cumbersome registration /bidding/contracting procedures, payment delays are the major access barriers to public procurement market by MSE. Therefore, in addition to the procurement goal, the policy also advises procuring organizations to take actions (vendor development programme, buyer-seller meets, and

outreach activities) which enhance MSE's ability to participate in public procurement. This is being undertaken by most of the organizations in different formats and with varying degree of impact.

There is a need for adoption of more systemic approach as mentioned below:

- Enhance coordination between procurement and vendor division
- Well prepared detailed content with experienced resource
- Content should include
 - Procurement Potential and annual Procurement Plan
 - Understanding Vendor Registration Processes
 - E-procurement and Digital Signature
 - Preparing Bids and Common mistakes made by MSEs
 - Grievance Redressal Mechanism

Monitoring, Review and Grievance Redressal mechanism

Every Central Ministry/departments/PSU is to report goals set with respect to procurement to be met from MSEs and achievement made thereto in their respective annual reports. A Review Committee has been constituted under chairmanship of Secretary, Ministry of MSME for the monitoring and review of Public Procurement Policy for MSEs. The Ministry of MSME will review and/or modify the composition of the Committee as and when required. A Grievance Cell has been set up in the office of DC MSME, Ministry of MSME for redressing grievances of MSEs in the process of Government procurement. This cell would be responsible for all issues pertaining to Government procurement raised by MSEs with Departments / agencies concerned, including imposition of unreasonable conditions in tenders floated by Government Departments / agencies that put MSEs at a disadvantage.

Notification dated 10 March 2016 on Relaxation of Norms for Startups and Micro & Small Enterprises in Public Procurement on Prior Experience - Prior Turnover criteria

The Government of India has launched the Startup India initiative for creating a conducive environment for start-ups in India. In view of the fact that start-ups are normally MSEs which may not have a track record, the government has recognized the fact that these enterprises may have the technical capability to deliver the goods and services as per prescribed technical & quality specifications, but may not be able to meet the qualification criterion relating to prior experience-prior turnover. In exercise of Para 16 of Public Procurement Policy for Micro and Small Enterprises Order 2012, the government has clarified that all Central Ministries/Departments/ Central Public Sector Undertakings may

relax condition of prior turnover and prior experience with respect to MSEs in all public procurements subject to meeting of quality and technical specifications.

Current Status of Procurement

Public procurement policy for MSEs has the potential to provide a significant impetus to this sector without compromising on transparency and cost effectiveness. If implemented in its full essence, the policy has the potential to substantially remove one of the key constraints faced by MSEs, i.e. access to markets. Despite the enormous potential, there is a limited availability of the reliable and comprehensive statistical data on the public procurement market size especially in case of emerging economies.

As per the data released by the Marketing Assistance Division under the Office of the DC MSME, Ministry of MSME, around 133 PSUs submitted data on total procurement and procurement from MSEs during 2014-15. The findings are as follows:

Total Procurement by 133 CPSUs for 2014-15	Rs 131766.86 crores
Procurement from MSEs by CPSUs for 2014-15	Rs 15300.57 crores (11.6%)
Number of CPSUs meeting the 20% Procurement Target	43 out of 133 (32.3%)

As per the findings, even after almost four years have lapsed since the implementation of the Public Procurement Policy, 2012, the policy has not been able to generate the desired impact. Several PSUs have been unable to either meet their procurement target from MSEs or are failing to adequately measure and report their MSE procurement details to the office of DC MSME.

According to the Public Sector Enterprises Survey 2014-15 conducted by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, the total number of CPSUs stood at 298 on 31 March 2015. This paints a bleak picture of procurement from MSEs in India. As per the Competition Commission of India (CCI), within the Central Government, the departments like Defence, Railways and Telecom spend about 50% of their budget on procurement while the health ministry spends about 26 % of its budget on procurement. Thus, even in the absence of accurate data, all the above estimates clearly suggest that in India (as is the case world-wide), the public procurement market holds significant potential and has a strategic importance for the growth of overall economy including the MSE sector. In order to realise the true potential of public procurement in providing the thrust needed to promote the competitiveness of Indian MSMEs, it is necessary to understand the constraints and challenges responsible for the low impact and coverage of the policy.

Challenges Encountered in Developing Stable SME Supplier Networks

MSEs are small in size and are constrained in managerial capacity facing the problems of information asymmetry, complex vendor registration process, disproportionate qualification criteria and certification requirements while accessing the public procurement market. On

the other hand, CPSEs and other public procurement authorities are also faced with the challenge of identifying and engaging with suppliers in the MSE sector. The key issues and challenges affecting the policy implementation i.e. 20% procurement from central public procuring authorities are detailed out below from the perspective of 3 main stakeholders' category:



I. Regulatory Authority

The Ministry of MSME is the lead ministry and plays the role of a regulator cum enabler for the implementation of the Public Procurement Policy for MSEs. Though Ministry has initiated various steps for effective policy roll out, it still faces challenges in effective implementation of the policy arising from following main constraints:

- Difficulty in monitoring and evaluation due to non-availability of information from CPSEs
- Weak institutional structure for policy implementation
- Limited manpower and field level presence to cater to the needs of MSEs
- Lack of adequate ICT support systems for data capturing and tracking

II. Demand Side (Procuring Agencies)

CPSEs and other public procurement authorities report a number of constraints that prevent them from meeting their procurement targets as per the Public Procurement Policy, 2012. The most significant constraints faced by PSUs and other procuring agencies are listed below:

- Identification of MSE vendors: PSUs find it difficult to identify MSE vendors due to factors such as lack of a comprehensive database of MSEs and limited access to existing database of registered enterprises as per the records of the Ministry of MSME, NSIC and DICs.
- Determination of MSE status: There is an acute lack of data or a comprehensive mechanism about the growth stages of MSEs making it difficult for PSUs to determine the current status of MSEs, the status of delisted MSEs, etc.
- Determination of SC/ST Status: There is an absence of a comprehensive database

on MSEs owned and operated by SC/ST individuals making it difficult for PSUs to procure from them.

- Lack of willingness amongst MSEs to get registered: Many vendors who provide services to CPSUs are not willing to register themselves with the nodal registration bodies despite falling in the MSE category.
- Information on capability of MSEs: According to PSU representatives, many MSE units fail to achieve the eligibility criteria when open tenders are floated. Also the identification of production capabilities of MSEs is challenging.

III. Supply Side (MSEs)

In spite of the critical importance of the Public Procurement Policy for assisting the MSME sector, these enterprises face a host of challenges that limit their ability to benefit from the Policy. The most significant challenges are as follows:

- **Registration as an MSE:** MSEs faced significant hurdles owing to the cumbersome nature of registrations under the system of EM I and EM II. The Ministry has recently launched the Udyog Aadhaar Memorandum for the simplification of registration. There is still a lack of understanding amongst MSEs on the need/usefulness of registration. Moreover, many PSUs follow their independent registration process making the single point registration inapplicable.
- **Poor understanding of the Vendor Registration Process:** MSEs face difficulty in understanding and abiding by the requirements of the Vendor Registration Processes adopted by PSUs. Also, many PSUs follow independent and decentralized registration processes requiring different units of the same vendor to register independently. MSEs also lack an understanding of e-procurement procedures.

In this regard, steps such as a common registration process for all PSUs, a separate section for MSE registration on the websites of PSUs and a simplified registration process for low valued products and services can be of importance.

- **Complicated Tender Documentation / Bidding Processes:** The tender documentation / bidding procedures are too complicated for MSEs to comply with. There is considerable opacity with respect to Earnest Money Deposit. Moreover, many PSUs routinely block local MSEs from participating in their tender process owing to the low quality perception. There is also a lack of a feedback mechanism providing details to unsuccessful MSE bidders on the reasons for the rejection of their bids.

Simplification of tender documentation processes, strict enforcement of exemption for MSEs from Earnest Money Deposits, publishing of tender documents in regional languages, greater transparency in the procurement process flow, etc. are some crucial measures to address these challenges.

- **Delays in payments:** The procurement guidelines stipulate T+90 days for payment. However, T is decided as per the date of acceptance of goods/services by CPSEs.

CPSEs tend to take a long time for inspection of material that is supplied to them and this leads to delay in payments. Even when procuring high technology products, PSUs refrain from making advance payments. PSUs do not disclose the delayed payments to MSEs in their audit books or balance sheets. This limits the working capital available with MSEs to carry on their day to day operations and meet their procurement orders.

- **Lack of Vendor Development:** MSEs usually have a poor understanding and lack of clarity about the requirements of the PSUs. Moreover, PSUs place unattainable quality and technological standards which are difficult to meet for MSEs given their resource crunch. There is also a general perception of low quality owing to the size and nature of supplier firms which limits the orders for MSEs from PSUs and other procuring agencies. There is a need for awareness about the tendering processes, subcontracting, raw materials control, marketing and other promotional activities, etc. in order to build the capacity of MSE vendors.
- **Lack of appropriate feedback and grievance redressal mechanisms:** There is an absolute lack of a comprehensive monitoring, feedback and grievance redressal mechanism for remedying the bottlenecks and leakages in the process of public procurement from MSEs. Audits must be conducted on PSUs in order to ensure strict compliance with the Public Procurement Policy mandating them to source 20% of their annual procurement requirements from MSMEs.

An effective implementation of the policy requires a significant build-up of knowledge and institutional capacity to address the ever growing challenges of public procurement for MSEs, CPSEs and other concerned stakeholders. Awareness amongst MSMEs about the requirements of large enterprises, vendor development initiatives by large enterprises, institutional changes and a monitoring mechanism by the government, etc. are some of the prerequisites this policy to have the desired impact on MSMEs.

Methodology to Develop Successful MSME Supply Networks

The methodology for developing SME supply networks must focus on ensuring excellent formal and informal communication between the customer and its suppliers and on the comprehensive development of the suppliers' capabilities. The focal points in developing successful SME supply networks must include the following:

- Mutual cooperation and partnership between customers and suppliers
- Mutually beneficial relationship between the customers and suppliers
- Direct involvement of the customer in its suppliers' development
- Excellent channels of communication
- Quality control

- Development of human resources through appropriate training mechanisms
- Development of enabling ICT Tools
- Simplified vendor registration process and standardized tender documents
- Transparency in compliances required and processes followed
- Involvement and empowerment of vendors
- Continuous monitoring and data analysis
- Regular feedback

Measures for MSMEs to Equip Themselves with the Competence for Sourcing

In addition to strategies for building successful SME supply networks, there some steps that MSMEs can take to better equip themselves with the requisite competence which will enhance procurement from them by PSUs and large enterprisers. The following are some of the measures that can enhance their supply potential and make their products more competitive so that they find greater and ready acceptability with PSUs and other procuring agencies.

- Ensure their registration with the Ministry of MSME, NSIC, DICs, KVIC, Directorate of Handicrafts and Handloom or any other body specified by Ministry of MSMEs and renew they registrations periodically, as is required.
- Implement a proper accounting system that ensures transparency in operations
- Engage in measures to enhance the quality of their products and services
- Adopt cost efficient methods of production and operation to enhance the cost competitiveness of the enterprise
- Participate in Vendor Development Programmes to better acquaint themselves with the requirements of the PSUs and learn about the vendor registration processes

CII SME Policy Dialogue Session on Inspections and Regulatory Enforcements for MSMEs in India

The Public Procurement Policy launched by the Ministry of MSME in 2012, is an important step to enhance the market linkages for MSMEs. But the Policy has failed to have the desired impact on the MSME sector. Out of almost 300 PSUs in the country, only 43 PSUs met their target of 20% procurement from MSEs in 2014-15 owing to factors as such as difficulty for PSUs in the identification of MSE vendors, inability of MSEs to meet product specifications, low incidence of registration amongst MSMEs, information asymmetry, complex vendor registration process, inadequate feedback and monitoring

mechanism, etc. In order to identify the key factors responsible for the limited impact of the Public Procurement Policy in attaining the target procurement from SMEs and engage the participants in discussions on strategies and interventions for enhancing the effectiveness of the Policy, CII conducted an SME Policy Dialogue Roundtable Session on the Public Procurement Policy for MSMEs on 12 August 2016 in New Delhi.

Recommendations for the Regulatory Body:

- A strong institutional framework with adequate bandwidth and resources must be created in order to effectively implement the Policy
- A robust feedback mechanism as well as a responsive grievance redressal system must be put in place to deal with grievances and queries
- The Ministry of MSME must undertake enhanced data consolidation measures to create a centralized database of MSE vendors in the country
- Enabling IT tools and platforms must be developed by the Ministry for the effective implementation of the policy
- The list of 358 items reserved for exclusive procurement from MSE vendors must be updated and extended.
- The Ministry must create a product wise list of MSE vendors under the 358 reserved items in order to assist with the identification of MSE vendors
- The Ministry must undertake measures for training MSE vendors as well as PSUs and their procurement officers in order to inculcate sensitivity amongst them to efficiently deal with each other.
- Special measures must be undertaken by the Ministry in order to identify and enlist the SC/ST vendors within the MSE category
- Testing labs should be established in states in order to ensure that MSE vendors can meet the quality criteria of PSUs.
- State owned PSUs are currently outside the coverage of the Policy and these enterprises must be brought under the purview of this Policy
- The qualification criteria must be relaxed for MSE vendors in relation to their large counterparts in order to provide them with a level playing field.
- The government must take the necessary measures in order to encourage MSMEs across the country to get themselves registered.
- The government must consider including Medium Scale Enterprises in the purview of the Policy.

- A test or a quality check can be devised in order to assess the product quality of MSE vendors and providing them relief from lack of prior experience.
- Often PSUs block the participation of MSE vendors from participating in tenders by imposing strict certification criteria by international certification bodies which is difficult for MSEs to obtain. This should be relaxed and MSEs must be encouraged to participate in all tenders they have the capacity to supply against.

Recommendations for PSUs and other procuring agencies

- Significant information asymmetries exist between MSE vendors and PSUs. PSUs must make MSE engagement a strategic priority by devising methods for regular communication and interaction with MSE vendors through vendor development programmes, etc.
- There is an urgent need for the simplification and standardization of the vendor registration processes by various PSUs.
- PSUs must create Vendor Development in order to provide MSE vendors with the necessary handholding support and addressing their queries and grievances.
- PSUs must be encouraged to enhance their use of standardised tender documents.
- In the event of indivisible contracts, the entire contracts must be given to MSE vendors.
- PSUs must encourage their MSE vendors to get registered with the Ministry, NSIC or other nodal bodies.
- Identification of MSE vendors, especially SC/ST vendors, is particularly challenging and in order to develop them, they should be given preference amongst other MSEs in case they compete for a contract against other MSEs
- For MSEs lacking prior experience or proven capacity, they should be provided with orders for 20% of the tendered quantity as a development proposal, the successful fulfilment of which can be taken as a measure of their capacity to supply the entire tendered quantity.
- In order to assist MSEs with their cash flow problems, PSUs must expedite payments to their MSE vendors.
- PSUs must undertake measures to train their procuring personnel in order to efficiently develop MSE vendors and sustain long term relationships with them.
- PSUs must strictly adhere to sending tender information to MSEs so that they get an opportunity to participate in the tender bidding process.

- PSUs should make a dedicated column in their vendor registration documents for SC/ST vendors.
- PSUs, given their scale and capacity, must assist in developing a chain of MSE vendors by providing them with handholding support as well as trial orders.

The Road Ahead

There is a need of strong coordination mechanism between the Ministry of MSME and other stakeholders to deal with bottlenecks and hurdles and ensure the success of policy. Regular communication among CPSEs and MSEs/ MSE associations on one hand and DC MSME, State DICs, MSME Development Institutes and State Directorate of Industries on the other hand will help in early identification and resolution of challenges. Further it is equally imperative to monitor the progress made by the CPSEs and departments in this regard on half yearly basis. This is to ascertain the progress achieved on different milestones such as the percentage procurement made from MSEs, upload of annual procurement goal, number of MSE complaints received by Grievance cell, number of vendor development programmes conducted etc.

The MSE sector will need handholding not only from CPSEs but also other stakeholders like large vendors in order to augment capacities and ensure preparedness for availing the benefits of the procurement policy. Procurement policy indeed opens up a huge window of opportunity for the MSE sector and creates a degree of level playing field with larger enterprises. At the same time, it also enables CPSEs to develop alternative and sustainable supply chain. However, if continuous and systematic implementation plan are not put in place by all the stakeholders, then the desired and intended benefits of the policy may not come.

Given the importance of sourcing for MSMEs, large enterprises as well as the country on the whole, it is of paramount importance that the government supports the evolution of a policy framework and business environment which is conducive for such existing relationships to flourish and new relationships to emerge. A paradigm shift is required in the ecosystem covering all stakeholders.



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 over 8000 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 200,000 enterprises from around 240 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.

The CII theme for 2016-17, **Building National Competitiveness**, emphasizes Industry's role in partnering Government to accelerate competitiveness across sectors, with sustained global competitiveness as the goal. The focus is on six key enablers: Human Development; Corporate Integrity and Good Citizenship; Ease of Doing Business; Innovation and Technical Capability; Sustainability; and Integration with the World.

With 66 offices, including 9 Centres of Excellence, in India, and 9 overseas offices in Australia, Bahrain, China, Egypt, France, Germany, Singapore, UK, and USA, as well as institutional partnerships with 320 counterpart organizations in 106 countries, CII serves as a reference point for Indian industry and the international business community.

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