



Confederation of Indian Industry

# TRANSFORMING MSMEs VISION INTO VALUE

## A RETROSPECT 2016



Global SME  
Summit 2016  
November 2016



POLICY  
ADVOCACY



BUSINESS  
FACILITATION



FINANCE  
FACILITATION



TECHNOLOGY  
FACILITATION



National Summit on MSMEs  
Leveraging Technological Excellence to Boost Productivity, Build Capacity and Enhance Competitiveness

COMPETITIVENESS  
ENHANCEMENT



## THE INDIAN MSME SECTOR

Micro, Small and Medium Enterprises (MSMEs) are the backbone of the Indian economy and play a crucial role in furthering growth, innovation and prosperity. They contribute 38% to India's GDP, 40% share of exports and 37% share of the manufacturing output, bearing testimony to their salient role in the social and economic restructuring of the nation. MSMEs also make a significant contribution towards employment generation, especially in the rural areas by employing almost 120 million across the country.

The past year witnessed a series of business reforms by the Indian government which have led to the emergence of India as one of the fastest growing economies and the preferred destination for global investments. The demonetization of high value currency notes by the Indian government was a breakthrough initiative to curb the proliferation of black money. The government has also recently announced major sops to address the credit paucity for MSMEs by doubling their credit guarantee cover from Rs. 1 crore to Rs. 2 crore and enhancing their cash credit limit from 20% to 25%. With the launch of the Goods & Services Tax, the Indian taxation system is also set to come at par with the global taxation systems. The focus of the government has been on the simplification and digitalization of business processes and regulations through self-

attestations and certifications, single window systems, online approvals, etc. The Zero Effect Zero Defect Scheme was launched by the Hon'ble Prime Minister of India Shri Narendra Modi to promote manufacturing excellence amongst MSMEs while minimizing the adverse effect on the environment. Other major developments included the launch of the National SC/ST Hub for building the capacity and enhancing the market linkages of the underprivileged sections of society, the Insolvency and Bankruptcy Code, labour market reforms, etc. The Ministry has also launched the MSME Databank to create an online repository of MSMEs in India and their various products and services.

A technologically vibrant and internationally competitive SME sector should be encouraged for a sustainable contribution to the national income, employment and exports. Based on the response from CII's members, many of the initiatives undertaken by CII have been able to affect a tangible change in the MSME ecosystem in the country and CII will continue to work synergistically with the government and actively champion the cause of a robust MSME sector in India through its ongoing and upcoming initiatives.



51 million SMEs  
across the country



Generate employment  
for 120 million people



Contribute 38%  
of the GDP



Account for 40%  
of the Exports



Registered a growth of  
around 20% in 2015-16

# POLICY ADVOCACY

In spite of their significance, Indian MSMEs face an assortment of challenges and constraints spanning regulatory issues, poor access to finance, shortage of skilled manpower, technological obsolescence, etc. The CII National MSME Council, an apex body of CII to lead CII's SME development agenda, continued to engage closely with the government on

several policy matters to improve the policy framework and reduce the regulatory burden for MSMEs in the country.

6 Policy Dialogue Sessions were organized during the year under the CII SME Policy Dialogue Roundtable Series on the following topics:

1. Ease of Doing Business for Indian MSMEs  
14 June 2016



2. Inspections & Regulatory Enforcements for MSMEs in India  
11 July 2016



3. The Public Procurement Policy for MSMEs in India  
12 August 2016



4. The Impact of GST on MSMEs in India  
28 September 2016



5. Assisting Indian MSMEs Transition to Cashless Transactions  
27 December 2016



6. Addressing Significant Labour Law Challenges for Promoting the Growth of Indian MSMEs  
9 March 2017



These Roundtables facilitated interactive discussions on specific policy issues faced by MSMEs in India and helped the CII-MSME Council in drafting White Papers summarizing key discussions and recommendations for government departments and key stakeholders.



## ENHANCING GLOBAL COMPETITIVENESS AND PROMOTING PARTNERSHIPS



Many global companies are increasingly looking to Indian MSMEs for strategic partnerships of mutual benefit due to the innovative capabilities in niche manufacturing, comparative advantages of advanced engineering, low-cost manufacturing and overheads, ability to speedily absorb new technologies and local skills and capabilities that set these enterprises apart from other national and international players in the sector. But identifying suitable global markets, partners and emerging business opportunities can be challenging for MSMEs owing to factors such as information asymmetries, lack of scale economies, inadequate technical and managerial acumen, etc. In order to promote and foster global SME partnerships, CII, in partnership with the Ministry of MSME, organized the 13th Global SME Business Summit 2016 on 22-23 November 2016 in New Delhi.

The Summit featured focused regional and country sessions on Latin America, Europe,

Asia, UAE, Egypt, USA, New Zealand and France to explore latest global industry trends and to highlight the emerging business opportunities across the globe for gainful SME partnerships. The Summit also included master classes on e-commerce, digital marketing, standards and certifications and MSME integration in global supply chains in order to leverage these emerging trends for enhancing the competitiveness of MSMEs. A diverse participants' profile, inclusive of senior government officials, high commissioners and ambassadors of various countries, trade and commercial officers, procurement heads of global OEMs and leading Indian companies, financial sector executives, SME delegations from across the world, etc. engaged in over 1000 one to one meetings to explore mutually beneficial areas of partnerships. The Summit also included an India SME Expo where over 50 exhibitors showcased various products and services for enhancing MSME competitiveness and productivity.

## TECHNOLOGY FACILITATION

Rapidly evolving novel technologies are presenting SMEs with unprecedented opportunities to expand their markets, enhance their productivity and propel their growth. But SMEs encounter a host of hurdles in the uptake of technological solutions such as lack of awareness about the available technological solutions, identification of the best fit technological solution, high cost of technological application and solutions, low connectivity and linkages to technological solution providers, lack of expertise in handling and implementing complex technological processes. In order to enhance the access to technology for Indian MSMEs and create technical literacy amongst them, CII launched the CII Technology Facilitation Centre (CII-TFC). The Centre was launched at the hands of Shri Giriraj Singh and Shri Haribhai Chaudhary,

Ministers of State for MSMEs during the 13th Global SME Business Summit 2016.

The Centre has partnered with leading technological solution providers in order to facilitate the technology upgradation of Indian MSMEs through CII's online portal [www.mycii.in](http://www.mycii.in) by matchmaking between the technological solutions offered by its technical partners and MSME technological requirements. Managed by a team of experts, the Centre will also provide handholding support to MSMEs to efficiently adopt various technological solutions. The Centre will also provide a platform for demonstration of technological solutions by its partners through roadshows in various Tier I and Tier II cities, webinars and online master classes in order to create technological awareness and provide market expansion opportunities to its partners.



Launch of Technology Facilitation Centre on 22 November 2016 at 13th Global SME Business Summit



Signing of MoUs with Technology Partners

## FINANCE FACILITATION

The CII SME Finance Facilitation Centre, launched in June 2014, continued to attain new milestones to enhance the access to finance for Indian MSMEs. The Centre facilitated the sanctioning of around Rs 800 crores worth of loans to SMEs by partnering with over 17 banks and financial institutions. With a view to building financial literacy amongst SME members, the Centre conducted over 30 roadshows in various Tier I and Tier II cities as well as various online webinars with the participation of the Centre's partners. The Centre launched its SME Compliance and Advisory Services vertical during the year in order to provide Indian SMEs with simplified compliance solutions. Services for SME Business protection through SME Insurance were also initiated during the year. In addition to this, the Centre also provides the SME

Credit Rating services for MSME members and aims at creating awareness among them. The Centre initiated a Credit Reporting Programme in partnership with the World Bank Group and conducted a Webinar series on Credit Reporting for MSMEs.

CII also organized the 2nd National Conference on MSME Funding with the theme of 'Propelling MSME growth in India through enhanced financial access and support' on 23 August 2016 in New Delhi featuring dedicated sessions on alternate and new sources of funding, Credit Rating, effective fund management, etc.

During the Conference, the CII-CRISIL Report on Credit Ratings, titled "Stairway to Funding-Improving MSME access to Institutional Credit through Ratings" was released by Shri SS Mundra, Deputy Governor, RBI.





## ENHANCING THE MARKET ACCESS & BUSINESS FACILITATION

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 inadequate market access and linkages. CII organized the 3rd National Vendor Development Programme for Micro and Small Enterprises (MSEs) on 20 December 2016 at the India Habitat Centre in New Delhi with the objective of enhancing the market linkages of MSEs through strong supplier networks. The Programme provided a platform for bringing together 25 leading Indian PSUs from across sectors and over 150 MSMEs and promoting long term supply relationships between them.

The Programme featured presentations by the procurement officials from participating PSUs on

their product and service requirements, procurement policies and procedures as well as their vendor registration processes, quality and technological specifications, delivery terms, tender documentation, etc. The Programme sensitized MSMEs on the quality and product requirements of CPSEs to strengthen their market access/linkage, build their capacities and seamlessly connect them with various supply chains in the country. The Programme also served as a crucial platform for awareness creation on the Public Procurement Policy for Micro and Small Enterprises, 2012 launched by the Ministry of MSME to promote the participation of MSMEs in the supply chains of leading PSUs.



## INTERNATIONAL CO-OPERATION

Marking 12 years of partnership, CII organized a Production Management for Manufacturing in India on 13-26 October 2016 in Osaka and Tokyo, Japan with the participation of 20 SME delegates from India to enhance the production management capabilities and competitiveness of Indian SMEs. CII also organized a Roundtable Session on India-Japan SME Opportunities on 13 December 2016 in New Delhi. The Session included an interaction with an SME delegation from the National Conference of the Association of Small Business Entrepreneurs (NASE), Japan led by Mr Osamu Sukigara, Honorary Chairman, Stem Corporation. In order to explore the emerging business opportunities between India and Iraq, CII organized an Exclusive Interactive Session with the Ambassador of India to Iraq, Mr George Raju. Also present at the Session was the Ambassador of Iraq to India His Excellency

Mr Fakhri Hassan Al-Issa and Mr Khalid Ghazi Rashid, Commercial Consular, Embassy of Iraq in India.



Exclusive Interactive Session with the Mr George Raju, Ambassador of India to Iraq on 25 May 2016 in New Delhi



India-Japan SME Opportunities, 13 December 2016, New Delhi: The Session included an interaction of CII members with an SME delegation from the National Conference of the Association of Small Business Entrepreneurs (NASE), Japan led by Mr Osamu Sukigara, Honorary Chairman, Stem Corporation



CII HIDA Training Programme on Production Management, 13-26 October 2016, Osaka, Japan



## PRESENCE AT GES 2017

A seminar was organised for MSMEs in the Services sector with the theme 'Leveraging Service Sector MSMEs to Catalyse the Growth of Indian Economy' on 18 April 2017 at Greater Noida during the 3rd edition of the Global Exhibition on Services 2017.



The Seminar highlighted the:

- Achievements and contributions of the Indian Service sector MSMEs.
- Identified the policy bottlenecks that need to be addressed for the growth of these enterprises.
- The various Government initiatives to help MSMEs explore some of the emerging areas of opportunities in the Services Sector.
- The emerging opportunities, Issues and challenges in various sub-segments of the Services sector such as Healthcare, Information Technology, Education, E-commerce, Travel/Tourism.

More than 50 MSMEs from various sectors exhibited their products and services in different pavilions spread over 40,000 sqm of Exhibition Area in India Expo Mart.

The share of service sector MSMEs in India in the GDP is more than manufacturing sector and requires manifold interventions and collective effort between the government, private sector, industry groups, and

training organizations in order to bring sustainability and growth. Global linkages through events like GES 2017 with participation from more than 70 countries has given an opportunity for MSMEs in service sector to successfully leverage technology transfers, service



delivery frameworks and best practices, international collaborations for expansions and technological advancements.



## REGIONAL FOCUS

Apart from the gamut of challenges common to MSMEs across the country, there are also various geography specific issues faced by SMEs in various regions. There are also a number of best practices adopted by MSMEs in various regions which can be replicated by other MSMEs in the country. In an attempt order to bring focus on MSMEs in various regions, the Meetings of the CII National MSME Council were held in different regions followed by Interactive Sessions with

state government officials. The 1st, 2nd, 3rd and 4th Meetings were organised in New Delhi, Kolkata, Chennai and Mumbai respectively, to focus on the Northern, Eastern, Southern and Western Regions.

Apart from these, the MSME Sub-Committees and Panels in the Regions and States also undertook significant initiatives to drive agenda of SME growth across the country.





## LEADER'S SPEAK



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The Ministry has enjoyed a close relationship with CII in order to work in synergy towards promoting the growth of Indian MSMEs. In my opinion, a collective effort between the governments at the Centre and the State, private sector, industry groups, international organizations, training organizations, funding organizations and MSMEs is the only way possible for creating a strong MSME sector in India.

**Mr Surendra Nath Tripathi**

Additional Secretary and Development Commissioner  
Ministry of MSME

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The CII National MSME Council an apex body within CII, has persistently striven for an enabling framework for the Indian MSMEs which addresses their key concerns in areas such as access to finance, technology, infrastructure, manpower, market linkages, etc. This year, the Council engaged in rigorous policy advocacy for Indian MSMEs through the SME Policy Dialogue Series as well as recommendations to relevant government departments throughout the year. Our efforts have fructified with the announcements of major sops for MSMEs during the year such as the reduction in Corporate Tax Rate, enhanced limits under the Credit Guarantee Scheme, enhanced targets of lending under the MUDRA Scheme, skilling initiatives like SANKALP, several Ease of Doing Business measures, etc. We will continue to champion the cause of Indian MSMEs in order to create a robust MSME sector in India leading the country to its rightful position as an economic superpower.

**Mr Shreekant Somany**

Chairman, CII National MSME Council and  
Chairman cum Managing Director, Somany Ceramics

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The Indian MSME sector contributes significantly to the Indian economy in terms of its contribution to GDP, exports, industrial output, employment, rural industrialization, entrepreneurship, etc. But limited access to advanced technological solutions, especially in the light of the advent of the Fourth Industrial Revolution or Industry 4.0, is a serious setback to their growth potential and sustainability. Keeping this in mind, this year the CII National MSME Council has launched the CII Technology Facilitation Centre which has partnered with top technological solution providers to enhance the access to technology for Indian MSMEs and create technical literacy amongst them through roadshows, online webinars, etc.

**Mr Milton K Nag**

Co-Chairman, CII National MSME Council and  
Managing Director, K K Nag Private Limited

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A premier industry association of the country, CII has been supporting the growth of the Indian economy through its journey spanning over a century with wide ranging initiatives pivoting around policy advocacy and consultation, quality upgradation, corporate governance, knowledge management, competitiveness enhancement, etc. With MSMEs being the veritable backbone of the Indian industry, with the growth and the performance of the latter intrinsically tied to the vitality of Indian MSMEs, CII continues to represent the interest of MSMEs through addressing their policy concerns and assisting them with finance and technology facilitation, linking them to global business opportunities, etc.

**Mr Chandrajit Banerjee**

Director General, CII

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# MSME REGIONAL EVENTS

## EASTERN REGION

Empowering SMEs through Addressing their Financial Needs – CII Finance Facilitation Centre

19-Oct-16, Raipur, Chhattisgarh

Defence Connect Programme for MSMEs

23-Feb-17, Balasore, Odisha

Workshop on Doing Business in the Aerospace & Defence Sector, Jamshedpur

22-Jul-16, Jamshedpur, Jharkhand

Learning Mission to RSB Transmission, Jamshedpur – Sharing Best Practices on Quality Process Improvement

03-Sep-16, Jamshedpur, Jharkhand

Session on Make in Jharkhand – Momentum Jharkhand, Ranchi

16-Feb-17, Ranchi, Jharkhand

2nd Edition – Doing Business with Indian Railways, Kolkata

27-Oct-16, Kolkata, West Bengal

Vendor Meet at Chittaranjan

Locomotive Works, Indian Railways

12-Nov-16, Chittaranjan, West Bengal

## SOUTHERN REGION

Business Opportunities with Sri Lanka Export Development Board and Industries from Sri Lanka

25-Aug-16, Bangalore

MSME Session on Financing for Growth in MSME companies

08-Sep-16, Bangalore

Building Brands with Purpose for MSME's

27-Oct-16, Bangalore

A Hawk's view: Analysing financial management & Balance sheet for MSME

09-Dec-16, Bengaluru

CII Karnataka Annual MSME Conference 2017

20-Jan-17, Bengaluru

Facilitated MSME Participation in "Africa Seminar Series"

26-Jul-16, Chennai, Tamil Nadu

Facilitated MSME Participation in "Africa Seminar Series"

28-Jul-16, Coimbatore, Tamil Nadu

Session on Service Tax & Introduction on GST for MSMEs

04-Aug-16, Salem, Tamil Nadu

Seminar on "India-Thailand Collaboration in Rubber and Automotive Tire Industry"

13-Sep-16, Chennai, Tamil Nadu

Session on Enhancing Competitiveness for MSMEs through Best Practices

26-Sep-16, Chennai, Tamil Nadu

Tamil Nadu MSME Summit 2016

05-Aug-16, Madurai

Business Opportunities with Sri Lanka Export Development Board and Industries from Sri Lanka

23-Aug-16, Chennai, Tamil Nadu

Seminar on GST

08-Sep-16, Hyderabad

Investors Meet for MSMEs

21-Sep-16, Visakhapatnam

Make In India - Vendor Development Meet With Defence & Public Sector Units

07-Oct-16, Hyderabad

Interactive Session with Mr Mangat Ram Sharma, Principal Secretary to Government, MSME Department, Government of Tamil Nadu

14-Oct-16, Chennai, Tamil Nadu

Brainstorming Session on Ease of Doing Business in Telangana - Special Focus on Existing Businesses

18-Nov-16, Hyderabad

CII Vendor Development

Meet showcased the opportunities between Defense, PSUs and Industry

07-Dec-16, Visakhapatnam

CII State MSME Conclave

19-Jan-17, Hyderabad

CII MSMS Panel Convenor at Standing Advisory Committee of Reserve Bank of India to review the Flow of Institutional Credit to MSME Sector

03-Mar-17, Chennai

## NORTHERN REGION

CII Delhi MSME Summit

10-Nov-16, New Delhi

4th CII Regional MSME Conclave

06-Oct-16, Chandigarh

Awareness Sessions on CII Online Finance Facilitation Centre (CII FFC)

15-Jul-16, Chandigarh

CII State MSME Conclave

29-Jul-16, Baddi, Himachal Pradesh

Awareness Sessions on CII Online Finance Facilitation Centre (CII FFC)

05-Jul-16, Ludhiana

Awareness Sessions on CII Online Finance Facilitation Centre (CII FFC)

12-Jul-16, Jammu

Awareness Sessions on CII Online Finance Facilitation Centre (CII FFC)

20-Jul-16, Gurgaon

3rd Edition of CII MSME Conclave

01-Mar-16, Jaipur, Rajasthan

Awareness Sessions on CII Online Finance Facilitation Centre (CII FFC)

24-Jun-16, Jaipur, Rajasthan

Awareness Sessions on CII Online Finance Facilitation Centre (CII FFC)

18-Jun-16, Lucknow, Uttar Pradesh

## WESTERN REGION

Entrepreneurship Conclave 2017

01-Mar-17, Mumbai, Maharashtra

Programme on Business opportunities with Engineering, Procurement and Construction (EPC) Companies

18-Jun-16, Vadodara, Gujarat

CII Workshop on Doing Business in the Aerospace & Defence Sector

29-Jun-16, Vadodara, Gujarat

"Business Opportunities with PSUs, Government and Defence Make in India – Procure from Gujarat"

18-Nov-16, Vadodara, Gujarat

Interactive Session with Minister of MSME Dept. Government of Madhya Pradesh

14-Aug-16, Vadodara, Gujarat

One-Day Training Programme on Certified Environmental Legal Compliance

03-Jun-16, Indore, Madhya Pradesh

Workshop on Doing Business with Aerospace & Defence Sector

16-Jun-16, Indore, Madhya Pradesh

One Day Advanced Training Programme on Energy Efficiency

20-Dec-16, Indore, Madhya Pradesh

First Edition of Job Safety Analysis Competition

13-May-16, Indore, Madhya Pradesh

MSME Convention 2016

1-2 October 2016, Bhopal, Madhya Pradesh

# THANK YOU FOR YOUR SUPPORT



## 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.

For More Information Contact

**Leena Pandey**

Director, Confederation of Indian Industry

Plot No 249 F, Sector 18, Udyog Vihar, Phase IV, Gurgaon - 122 015 (Haryana, India)

Mobile: 09818284879 | Tel: +91-124 - 401 4053 | Email: leena.pandey@cii.in