

**CUTS-ISID**  
**Policy Roundtable**  
**on**  
**Fostering MSMEs and Jobs:**  
*Policy Lessons from Experiences of Select Sectors and Clusters*

**1800-2000 PM, December 13 2023**

**Hall 2010, Le Meridien, New Delhi**

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**Good Evening Everyone!**

**As the Secretary General of CUTS International, it brings me great joy to extend my heartfelt greetings to our esteemed panellists and all the guests who have honoured us with your presence to this joint CUTS-ISID roundtable discussion in order to take a step closer to our nation's vision of becoming "Viksit Bharat" by the year 2047.**

**Being one of the world's fastest growing economies, India has been playing a pivotal role in global trade and political dynamics with the MSME sector as the backbone of its economy. The sector has consistently served as a stronghold for the Indian economy, offering it resilience against global economic shocks and adversities, thereby fortifying its ability to withstand challenges in the global market.**

**MSMEs are actively traversing a rapidly evolving technological landscape, embracing innovations that hold the potential to revolutionise their operations, enhance efficiency, and open up new avenues for growth.**

**The sector's contribution to the country's GDP is nearly around 30% and the share of MSME products in India's total export is around 43.6%, according to the Ministry of Statistics and Programme implementation. Not only this, the MSME sector has been a significant source of employment generation in India and the Udyam registration portal reports an impressive employment registration of one hundred twenty three million people in this sector. Furthermore, in spite of contributing approximately half of the country's GDP, the informal sector holds significant dominance in employment, engaging over 90 percent of the total workforce within the informal economy.**

**Despite the MSME sector playing a significant role in generating a substantial number of jobs for the blue-collar workforce, there has been a conspicuous discrepancy between the demand for and supply of "skilled" blue-collar workers in India. According to a recent report of the Team Lease Consultancy, in India, skill mismatch has**

**resulted in a 150 million gap between available blue-collar job vacancies and job seekers.**

**In the domains of employment expansion and economic advancement, the issue of skill disparity has become a major hurdle. As economies progress and industries undergo transformation, particularly due to the advent of technological advancements like the Fourth Industrial Revolution (IR 4.0), there is a growing discrepancy between the skills possessed by the available blue-collar workforce and the skills demanded by the evolving job market.**

**Despite having a blue-collar workforce of over 450 million, less than a fraction of them are considered employable in terms of skill acquisition. This highlights a pressing need for Indian learners to bridge this crucial skills gap, ensuring that the nation's digital potential doesn't go untapped. Addressing the issue of skill mismatch gained prominence at the G20 summit under India's presidency, with the honourable Prime Minister emphasising human-centric growth, specifically emphasising women's empowerment.**

**Further, in the dynamic landscape of sustainability in India, a surge in consumer demand for eco-friendly products is matched by**

**stringent governmental regulations on environmental protection, labour standards, and responsible sourcing. Investors are now prioritising companies that exhibit robust sustainable practices, adept risk management, and the ability to create enduring value.**

**The COVID-19 pandemic underscored vulnerabilities in global supply chains, prompting organisations to pivot towards resilient and sustainable supply networks as an integral part of their core business strategy. Amidst this transformation, businesses are actively seeking suppliers with effective environmental, social, and governance (ESG) risk management.**

**The mandate by the Securities and Exchange Board of India (SEBI) for Business Responsibility and Sustainability Reporting (BRSR) for the top 1000 listed companies reinforces the imperative for corporations to cultivate resilient and ESG-compliant supply chains, where MSMEs play a significant role in these intricate value chains.**

**As the sector increasingly recognises the need for ESG considerations in their business practices, they also face scrutiny across diverse ESG fronts, including subpar waste disposal methods, susceptibility to climate-induced production disruptions, labour law non-compliance, insufficient health and safety protocols, human**

**rights transgressions, unscrupulous sourcing of raw materials, and unethical business practices.**

**Navigating this multifaceted terrain, MSMEs are challenged to not only address these ESG risks but also leverage the escalating market interest in responsible and ethical business conduct. To flourish in this evolving landscape, proactive management of these risks becomes paramount for MSMEs, presenting an opportunity to align with the growing demand for conscientious and ethical business practices.**

**Moreover, through this roundtable discussion, we intend to focus on easing the compliance burden and tackling the challenges encountered by MSMEs in embracing ESG practices, placing particular emphasis on the "Social" dimension within the ESG framework. As ESG integration in India is still at a nascent stage, and recognizing its paramount importance, there is a pressing need to construct a tailored framework specifically designed to facilitate the adoption of ESG practices by MSMEs.**

