

Regional MSME Convention | June 14, 2019, Hyderabad



Lighting of Lamp during MSME Convention Mr. Suresh Chukkappalli, Dr. Sanjeev Chaturvedi, Lt. Gen. J. S. Ahluwalia & Mr. Srikanth Badiga

The role of MSMEs in any country – Underdeveloped, Developing or even Developed is innate and well established in shaping the national economy. Providing cost effective solutions to the large enterprises, faster creation with limited funds, specializing in the skills with a view of nurturing talent are some of the virtues in MSME. Promotion of MSME is a continuous process involving periodic review, preparing action plans, sharing these action plans with policy makers and implementing corrective actions at every level. To do this effectively and derive the benefits which are the hallmarks of MSME, it is imperative that all the thinking minds come together in this endeavor to foster an enabling ecosystem.

One such attempt in this direction is the series of MSME conventions that the Institute Of Directors (IOD) has undertaken across the country. After successful completion of such an exercise in Chennai in February '19, it was the turn of Hyderabad to host another such important event.

In Hyderabad, IOD organized Regional MSME Convention on June 14, 2019 with the theme “**MSME – Innovation, Growth and Transformation.**”

The National Institute of Micro, Small and Medium Enterprises (ni-msme), Ministry of MSME, Govt. of India, was the Strategic Partner and hosted the Convention in Ni-MSME Auditorium at their Yousufguda green campus.

The Convention was well attended by over 160 participants from Industry (manufacturing and service), Investor community, Policy makers, Budding/Start-up entrepreneurs, Banking and Financial

institutions, Professionals, Consultants, Trainers and Academia. The Convention thus featured some of the best minds and professionals as speakers and participants who had joined together and shared their experiences.

Mr. T. V. Shiva Rao, Hon. Secretary, IOD, Telangana & AP welcomed the gathering with a thought provoking address. In his welcome note, he stated that MSME's are the cradles of Innovation & Entrepreneurship. Highlighting the importance of this sector, he stated MSME is the second largest employment generating sector in India, after Agriculture, contributing around 45% of the overall exports from India. He noted that as per estimates, there are more than 63 million MSMEs in India which account for 45% of Industrial Production, 30% of Services sector business - employing more than 110 Million people together.

Mr. Rao elaborated that Indian Economy is set to grow to US \$ 5 trillion by year 2025 thus giving enough scope for MSME's to grow. This required providing an enabling environment through International Cooperation, Joint Ventures and Technology Transfer which would help in creating new business opportunities and facilitating trade. He hinted that international exposure and access to international markets are key elements of Global Trade.

Introducing the theme, Mr. Rao emphasized that “Smartness” is the key driver to new Industrial revolution. Be it Smart Society, Smart City, Smart Factory, Smart People, Smart Phone, Smart Homes, Smart Cars, and so on. He went on to add - Manufacturing is changing faster than ever before. Smart Automation, Cyber Physical Systems, IoT (ass production in 19th century to individual



MoU signing between IOD & ni-msme: Lt. Gen. J. S. Ahluwalia, PVSM (Retd.), President IOD & Mr. Gorthy N.V.R.S. Haranath, Director, Administration & Logistics, ni-msme

production in 21st century), where data protection and data security take center stage.

Mr. Rao concluded his welcome note by saying that the biggest challenge will be aligning the inclusive growth with UN Sustainability Development Goals. He wished that deliberations ahead will be productive and useful, to the participants in particular and society at large.

In his Inaugural address, **Dr. Sanjeev Chaturvedi**, Director, ni-msme gave a power start to the event. He set the tone for the convention by exhorting that any entrepreneur can succeed with the right training, knowledge and guidance. Giving the genesis of ni-msme, he outlined that its mission is to bring the concept of entrepreneurship to anyone with an idea, regardless of their economic situation. He opined that each enterprise has its own problems to face. The commonest problem, as per the Director, is financial - in which investors would not show any interest in investing money into them. Bringing out eloquently, the difference in small enterprises and medium enterprises, he expressed that small enterprises face a strategic problem when they try to move from an unorganized business to an organized business, while medium enterprises face an expansion problem. While an enterprise is stable and their product is acceptable in the market, they face a problem as they need to constantly adopt new technologies, get new machinery and be agile to the developments.

In his Presidential Remarks, **Lt. Gen. J. S. Ahluwalia, PVSM (Retd)**, President, Institute Of Directors explained the role of IOD as well as the need for this convention. He said IOD is grooming the 'Directors



Mr. Srikanth Badiga, Chairman – IACC, Hyderabad addressing the gathering as a special address.

of Tomorrow'. He stated that the directors should know their roles and ensure nothing bad happens to the company. He further emphasised that MSMEs need more interactions and networking opportunities to share their success stories, problems faced, emerging solutions, and experiences. With this aim, he underlined that IOD has been conducting multiple conferences in and outside India. Elaborating on the problems being faced by MSME he quoted - outdated technologies, challenges in digitizing existing infrastructure/organizational data, marketing, managing distribution chains – as a few examples needing quick attention.

In his Special address to the gathering, **Mr. Srikanth Badiga**, Chairman, Indo American Chamber of Commerce, AP & TS chapter remarked continuous training is essential to complement one's existing skills and enthusiasm to get success in entrepreneurial ventures. Mr. Badiga, explained that the evaluation of a business is with respect to the contribution of a business to the regional market. It goes not by the investment made in the business but by the turnover and employment opportunities generated. He underscored that business should be understood from a global perspective. He urged new entrepreneurs to learn about the market and find the best way of entry into the market. He observed that the efforts of IACC (Indo American Chamber of Commerce) have always been directed towards "understanding a product" and "analysing the market" for the specific product as part of its services. He stressed the need for entrepreneurs interacting in their sector-specific forums to derive benefits. These provided valuable insights to the gathering into addressing the challenges of the MSME sector.

The Guest of Honour for the event, **Mr. Suresh Chukkappalli**, Chairman, Phoenix Group and Honorary Consulate General of Republic of Korea in Hyderabad addressed the gathering. Happy about the coming together of two great organizations, IOD and ni-msme, he felt that the two institutes should collaborate through a MoU for organizing events that make meaning for the improvement of MSME sector businesses. He wanted that directors of a company should be fully competent and can ill afford to be ignorant about the changes in statute. Advocating a stellar role for IOD in training the board directors of companies, he wished more work through the company secretaries in their forum to effectively communicate their knowledge to the company as a whole. He observed that directors are appointed today through nepotism. He said that this results in directors who are unable to analyse the

issues and influence the outcome of board decisions. IOD should also initiate corporate training programs. Quoting the success story of Republic of Korea, he said, the government's encouragement of the hundreds of thousands of MSMEs in the country pushed the GDP high.

At the end of the Inaugural Session, it was a proud moment for IOD and ni-msme who signed and exchanged a Memorandum



Mr. Suresh Chukkappalli, Hon. Consul General of Republic of Korea in Hyderabad addressing as a Guest of Honour

of Understanding to work together and collaborate in their activities. It also envisages exchange of technical expertise, know-how, and training opportunities between their respective members /networks.

In the **Second Plenary Session**, eminent speakers from Industry spoke on subjects of relevance to the MSME sector. The speakers were:

1. **Mr. Shanmukha C. G.**
Zonal Lead - Product Excellence, Tally Solutions Pvt. Ltd, Bengaluru
2. **Mr. Abhishek Goud**
National Stock Exchange, Hyderabad
3. **Ms. Geeta Goti**
Independent Director, The National Small Industries Corporation Ltd, New Delhi
4. **Mr. Vineet Kumar Goyal**
Founder Director, Steinbeis Centre for Technology Transfer India and
5. **Ms. Malavika Jaggi**
Associate Director, Telangana State GlobalLinker Initiative.

Mr. Shanmukha made a presentation on how Tally Solutions has been adapted to meet the emerging changes in financial domain such as GST. Using Tally solutions, the Receivables are tracked effectively, cost tracking and expenses management are done seamlessly, and inventory control is managed through information based decision making. He elaborated that cash flow analysis, budget control, generation of MIS and truth based financial reports help in business decision making. By using the latest version of Tally, he pointed out that compliance is quick through book reconciliation and GST filing. Businesses should stay connected through internet by syncing data, enabling remote access, using e-banking and constantly staying updated.

Mr. Abhishek Goud, apprised the audience on 'SME Funding – Role of Capital markets' using the possibilities of financing growth capital through listing on EMERGE, the SME listing platform of the exchange.

Mr. Goud dwelt on NSE-EMERGE, the SME Listing platform, a segment within NSE and enjoys the benefits of a well-established exchange. The platform facilitates the corporates to explore an

reduced filing requirements (half-yearly financial results) etc.

He also stated that NSE EMERGE Platform currently hosts around 198 companies who have raised funds and are listed. The companies listed on EMERGE represent diversified sectors like Auto & Auto ancillary, Agri Sciences, Pharmaceuticals, Healthcare, IT & ITES, Media & Entertainment, Electrical Appliances, Engineering, Consultancy Services, FMCG, Textile, Realty, Transport & Logistics, Renewable Energy etc. He also highlighted about the transition that an MSME can go through from the EMERGE platform to the main NSE platform.

Ms. Geeta Goti presented a case study of a woman who owned business, the travails she had to go through in the process and thereby throwing example to others. She narrated the journey of entrepreneur Ms. Namita Banka (MD, Banka Bioloo Ltd.), who started jewellery as a home based business and then moved to recycling printer cartridges, and then Bio-toilets for Indian Railways using bio-digester technology developed by DRDO. She went public in 2018 and was *the first sanitation company to be listed in NSE EMERGE*. It was definitely an inspiring case study for other entrepreneurs, especially women.

Discussing on Innovation, as a key driver for MSME, **Mr. Vineet Kumar Goyal** presented 'The German Model' and stressed on the fact that in the competitive global environment today, countries like Germany, US and Japan, which are now joined by China, are maintaining their lead in economic growth owing to their capacity to innovate continuously. He exhorted that Innovation is more than the "Jugaad" that the Indian community frequently uses.

Mr. Goyal maintained that most of the companies – particularly in countries like Germany, depend on technology intermediary organisations like Steinbeis to act as a bridge between technology seekers – industry – which serve the society in terms of understanding the requirements and continuously providing products and services, and technology providers – Universities and R&D Institutes. Technology Intermediary Organisations help in making the industries and institute understand the 'language' of each other, and also help in critical aspects of project management and budgetary controls. This collaboration helps the industry to provide new and better products and services to the society. Similarly, institutes benefit from the real time projects and hence the more practice oriented studies for the upcoming professionals.

In emerging economies like India, the industry consultants could

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play an important role to work closely with technology intermediary organisation like Steinbeis – which would make access easier for R&D Organisations like Council for Scientific and Industrial Research (CSIR, Government of India), Steinbeis Global Network, Institutes like IIT's and IISc and other international intermediary organisations. Consultants could tie-up with Steinbeis as “Steinbeis Certified Innovation Consultants” and provide enhanced value to their industry clients – in partnership with experts from universities and research institutions, at a much lower cost compared to import of technology or having in-house R&D.

Ms. Malavika Jaggi detailed out the challenges faced by MSME such as low bargaining power, lack of knowledge of quality, lack of e-commerce portal, lack of business efficiency tools and so on. She showcased how an MSME can benefit by being a part of Telangana State GlobalLinker. Once a MSME is registered on the portal, it facilitates connection with 2.5 Million + MSMEs across the world, saves time, effort and money on a wide range of business services; access industry news, articles and discussions; ability to create their own e-commerce store for free which is integrated with logistics support and payment gateway; access a wide range of business efficiency tools such as a ready-to-use company intranet, document storage etc.

The Third and last plenary session was an interesting Panel discussion, and the topic was: **MSME – Challenges and Strategies** that was exciting with the participation of industry stalwarts.

The session was Chaired by Mr. Shrikant Sinha, Chief Executive Officer, Telangana Academy for Skill and Knowledge, Hyderabad, who also moderated the discussions. The other panelists were:

1. **Mr. Vijay Sirsat**
Deputy Director, MSME DI, Hyderabad
2. **Mr. Balbheem Vaidya**
AGM, State Bank of India, Hyderabad
3. **Dr. Sriram Birudavolu**
Chief Executive Officer, Cybersecurity Centre of Excellence, Telangana, DSIC, Hyderabad and
4. **Mr. P. T. Srinath**
Joint Director,
Federation of Indian
Export Organisations.

The consensus and gist of the Panel Discussion was:

If Indian Economy is divided into 3 Types - Manufacturing, Agriculture & Services, it can be surmised that MSME Contribution to INDIAN Economy is as follows:

- Contribution to GDP: 8%
- Contribution to Manufacturing Sector: ~45%
- Contribution to Exports: ~40%

- Only 1.25 crore people find employment in large industries, whereas MSME enterprises employ over 10 times, that is about 11 crore plus people.
- Job opportunities are provided for both skilled and semi skilled.

The Major Challenges to MSME:

- (1) Finance & Credit – Multiple schemes still always the #1 challenge
- (2) Technology – Unaware or not willing to use technology
- (3) Infrastructure
- (4) Dependable power supply
- (5) Provision of water
- (6) Marketing & Procurement
- (7) Low R&D and Quality concerns
- (8) Skilled manpower, skills development & training
- (9) Very few graduates in India have skills required for employment

This Convention throws up the *possible strategies to be adopted for fillip to MSME sector* by way of:

- (1) Mergers & Acquisition, Strategic Partnerships and JV's.
- (2) Adopting new platforms / technology solutions such as Tally Financial solutions for Tracking Inventory, Cash flow, Budget vs Actual expenses, compliances; Globallinker for deriving benefits of business efficiency tools, Emerge for deriving better financing and visibility and many such.
- (3) Innovation, use of Intermediates who can translate the R&D work to converting to Manufacturing technology.
- (4) Continuous updating of the employees' skills.
- (5) Businesses should stay connected through internet by syncing data, enabling remote access, using e-banking and constantly staying updated.

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Mr. Shrikant Sinha, CEO, TASK addressing audience as a Chair for Panel Discussion on MSME – Challenges and strategies.