

A Report

# Chennai Regional MSME Summit 2019

February 16, 2019

**M**icro Small & Medium Enterprises (MSMEs) play an important and strategic role in the economic growth and equitable development of a country. Worldwide, the Micro Small & Medium Enterprises (MSMEs) have been accepted as prime drivers for employment generation and growth of GDP, besides contributing to the balanced regional development. MSMEs are in a unique position to become global players attracting partners with technology and funds. These enterprises impart the resilience to withstand economic upheavals and maintain a reasonable growth rate since being indigenous is the key to sustainability and self sufficiency.

Though there are plenty of growth opportunities and many initiatives being taken both by the Centre and the State Government, multiple numbers of challenges continue to exist. The major ones being ease of doing business, easy access to credit, impact of major policy reforms,

technology upgradation etc. Time is ripe for all the stakeholders to come together to create an enabling ecosystem for the growth of the MSMEs in the country.

In this regard, the Institute Of Directors – Chennai Region organized its first edition of 'MSME Summit' on 16 February 2019 at Hotel Taj Connemara, Chennai with the theme 'Roadmap towards Excellence'.

The Conference witnessed participation of 200 delegates representing a wide array of industries from the MSME segment. It included Entrepreneurs, MDs and CEOs, CFOs, Directors, Government officials, Bankers, Financial Institutions, Venture Capitalists, Private Equity Players, IT & ITES Companies, Fintech Companies, Practicing Professionals and Consultants, key decision makers and IOD Members.



**Lt. Gen. J.S. Ahluwalia**  
PVSM (Retd.) addressing the Summit



**Dr. J. Sadakkadulla**  
Director General, UEF Chamber of Commerce and Former Regional Director, RBI, addressing the Summit



**Mr. M. S. Sundara Rajan**  
Chairman, IOD-Chennai Region and Former Chairman and Managing Director, Indian Bank addressing the Summit

MSME Development Institute, Ministry of Micro Small and Medium Enterprises, Government of India was the 'Supporting Organisation' for the Conference. Many important industry bodies and MSME associations partnered with IOD as 'Supporting Partners' to ensure the grand success of the event. Some of them include the National Association of Software and Services Companies (NASSCOM), All India Manufacturers Organisation (AIMO), National Institution for Quality and Reliability (NIQR), Tamil Nadu Small and Tiny Industries Association (TANSTIA), The Institution of Engineers (India), Indo-Australian Chamber of Commerce, Cyber Society of India and Software Process Improvement Network (SPIN), Chennai.

**The Hindu 'Business Line' was the 'Media Partner' for the Conference.**

**Mr. R. Srinivasan**, Regional Director, IOD-Chennai Region delivered the Welcome Remarks and set the context for further proceedings of the day. **Lt. Gen. J. S. Ahluwalia**, PVSM (Retd.), President, Institute Of Directors, delivered the 'Presidential Address'. The Theme Address was given by **Mr. M. S. Sundara Rajan**, Chairman,

Institute Of Directors – Chennai Region and Former Chairman and Managing Director, Indian Bank.

**Dr. Sadakkadulla**, Director General, UEF Chamber of Commerce and Former Regional Director, Reserve Bank of India was the Guest of Honour and the Keynote address was delivered by him.

**Lt. Gen. Ahluwalia** briefed about the purpose and objective of IOD and its evolution over the years. He mentioned that the target segment for IOD is the Directors and to create Board-Ready Directors. But over the period of time, he said, lot of regulatory and legal compliances have changed and a need was felt to train and take initiatives to improve the effectiveness of the functioning of the Boards. He mentioned that IOD has signed a Memorandum of Understanding (MoU) with Ministry of MSME, Government of India to do capacity building initiatives and training programs for their empowerment and growth. In this content, an exclusive division to cater to the needs of MSMEs has been started by IOD, he informed.

**Dr. Sadakkadulla** while speaking mentioned that the Indian Banking

system is resilient in spite of the global financial turmoil and this has been possible due to the steps taken by the RBI and Government to create a strong base for the banking in India. He informed the audience that the BSE and NSE have exclusive platforms for MSMEs and the numbers of organisations using them have been growing.

**Mr. Sundara Rajan**, mentioned that Tamil Nadu ranks ahead of many States in India under various parameters. Recently, India Today awarded Tamil Nadu as the best State for Tourism & Law & Order, he said. He also mentioned that Tamil Nadu has the maximum number of factories in the country and has a rich human resource potential. Mr Sundara Rajan informed that India's biggest bank has shown 20.67% growth in corporate lending at a time when the Banks are shying away from lending. He also informed the delegates that CRISIL has recently announced that NPAs will become a thing of the past and gradually things are improving.

**The Plenary Session – I was on the sub-theme 'Central and State Schemes and Policies for MSMEs'**

The Speakers included:

**Mr. M. Asokan**

Senior Deputy Director  
MSME Development Institute Government of India

**Mr. S. Vasudevan**

Joint Secretary  
Tamil Nadu Small and Tiny Industries Association (TANSTIA)

**Mr. Asokan** made a presentation on the recent initiatives for MSMEs by the Ministry of MSME, Government of India and the schemes that would benefit them.

During his presentation, he spoke about the Special Support & Outreach initiatives launched by Hon'ble Prime Minister of India in the recent past to strengthen the MSME sector and the 12 key initiatives including the launch of 59 minute loan portal for access to credit up to Rs 1 crore and 2% interest subvention for all GST registered MSMEs on fresh/incremental loans. While speaking about the Government e-marketplace, he mentioned that it is a paperless, cashless and system driven marketplace that eliminates human interface in vendor registration, order placement and offers no entry barriers to bonafide suppliers. Mr Asokan also briefed the audience about the Stand up India Scheme for Greenfield Enterprises where loan is given for 75% of the project cost without collateral security. He also briefed the delegates about the MSME Sampark Portal, a placement portal for MSME technology centre trainees and Udyam Sakhi, Women's Network for Social Entrepreneurship which is a network for nurturing entrepreneurship and creating Business Models for low cost products & services to empower women entrepreneurs.

Mr Asokan spoke about the MSME Sambandh Portal to monitor the implementation of Public Procurement from MSEs by Central PSUs. Finally he briefed about the MyMSME Mobile App that provides information on all schemes implemented by the Ministry of MSME at one place.



**Mr. M. Asokan**  
Senior Deputy Director, MSME Development Institute, Ministry of Micro, Small and Medium Enterprises, Government of India, addressing the audience



**Mr. S. Vasudevan**  
Joint Secretary, Tamil Nadu Small and Tiny Industries Association (TANSTIA), addressing the audience during the session on 'Central and State Schemes and Policies for MSMEs'



**Mr. K. Chandra Reddy**  
General Manager, Indian Bank, addressing the audience



**Ms. Chitra Alai**  
General Manager and Regional Head, Small Industries Development Bank of India (SIDBI), addressing the audience



**Mr. Kunal Lunawat**  
Partner, Emphasis Ventures, addressing the delegates



**Mr. P. P. Narayanan**  
Head MSME and Transaction Banking, Lakshmi Vilas Bank, addressing the delegates

**Mr. Vasudevan** spoke about the various schemes of Government of Tamil Nadu for the MSMEs. He mentioned that as part of the Ease of Doing Business measures, Government of Tamil Nadu had announced a Single Window Application System and has also announced that if there is no response for the applicants within a stipulated time period, it will be considered as a deemed approval.

**The next Plenary Session – II was on the sub-theme 'Financing for MSMEs'**

The Speakers included:

- Ms. Chitra Alai**  
General Manager and Regional Head, Small Industries Development Bank of India (SIDBI),
- Mr. K. Chandra Reddy**  
General Manager, Indian Bank
- Mr. P. P. Narayanan**  
Head MSME and Transaction Banking, Lakshmi Vilas Bank,
- Mr. K. P. Sridhar**  
Senior General Manager, City Union Bank
- Mr. Kunal Lunawat**  
Partner, Emphasis Ventures.



**Mr. K. P. Sridhar**  
Senior General Manager, City Union Bank, receiving a memento from Mr Prem Anand, Secretary, Cyber Society of India and Executive Committee Member, IOD-Chennai Region after the Session on 'Financing for MSMEs'

**Mr. Reddy**, spoke about the achievements of Indian Bank and mentioned that it is the only Bank in the country that has not received any capital infusion from the Government. He mentioned about the schemes of MSME Ministry and the benefits of Udyog Aadhaar and MSME Data Bank. He also spoke positively about the Government E-Marketplace and its benefits for the users.

**Ms. Alai** spoke about the various initiatives of SIDBI for MSMEs. She mentioned that SIDBI has played a catalytic role for the growth of MSMEs by working with Government of India. She spoke in brief about the SIDBI Make in India Scheme (SMILE) and its benefits. She also mentioned about the proactive role played by her organisation in conducting outreach programmes of the Government for MSMEs.

**Mr. Narayanan** spoke about the credit flow to Micro and Small Industries. During his presentation he mentioned that as per BCG Study Report, roughly 40% of India's MSME lending is done through informal sector, where interest rates are twice as high as the formal market. He also highlighted the fact that MSME loans to individuals has shown least delinquency levels. He opined that EDI based collection mechanism has been identified as a key tool in sculpting the path to stabilisation.

**Mr. Sridhar** while addressing, mentioned that economy prospered whenever MSMEs prospered. He opined that a changed approach by both the Banks and MSMEs will augur well for the economy and industry and there is a course correction by the Banks in the way they have started looking at MSMEs.

**Mr. Lunawat** presented about the alternative financing options for MSMEs. During his address he mentioned that though we know that technology will play a substantial role in alleviating some of the financing gaps that exist today, we don't know how technology will exactly shape the role of MSME Financing. He also mentioned that currently we are not in a position to understand how block chain will assist in better credit scoring and how software might change the way how bad debts are recovered and we also don't know how a new age bank might leverage analytics to mitigate notions of perceived risk. He opined that we have to shed scepticism as the trade-offs are



**Mr. V. Mahesh**  
Promoter and CEO, V Mahesh & Associates addressing the audience



**Mr. K. E. Raghunathan**  
President, All India Manufacturers Organisation (AIMO), addressing the delegates

skewed in favour of the entrepreneur.

**The next Plenary Session – III** was on the sub-theme '**Emerging Challenges and Opportunities for MSMEs**'

The Speakers included:

**Mr. K. E. Raghunathan**  
President  
All India Manufacturers Organisation (AIMO)

**Mr. S. Rajasekaran**  
National President  
National Institution for Quality and Reliability (NIQR)

**Mr. V. Mahesh**  
Promoter and CEO  
V Mahesh & Associates

**Mr. Sanjay Mehta**  
Partner  
Surana and Surana International Attorneys

**Mr. V. Ponraj**  
Former Scientific Advisor to Late President Dr APJ Abdul Kalam.

**Mr. Raghunathan** mentioned about the challenges faced by domestic MSMEs from foreign competition and said that the major problem facing MSMEs is finance in terms of getting, drawing and repaying. Though the MSME owners are sincere about repaying, many a times they are unable to pay and hence are labelled as wilful defaulters by the banks, he mentioned.



**Mr. V. Ponraj**  
Former Scientific Advisor to Late President Dr APJ Abdul Kalam, addressing the delegates



**Mr. Sanjay Mehta**  
Partner, Surana and Surana International Attorneys, addressing the delegates



**Mr. S. Rajasekaran**  
National President, National Institution for Quality and Reliability (NIQR), addressing the delegates

**Mr. Rajasekaran** while speaking mentioned that the MSMEs are facing a pricing challenge as the prices are not fixed by them and it is thrust upon them by the OEMs. He said the MSMEs should be well prepared to face the technological disruptions and before getting into Industry 4.0, they should slowly move on to automation. He felt that the main issues facing the MSMEs today, is not getting finance from the financial institutions in the way they want and this gap has to be addressed.

**Mr. Sanjay Mehta** spoke about the legal and regulatory compliances for MSMEs. He said that there is no major difference that distinguishes between a MSME and a big player when it comes to the regulations and the rules remain the same. Hence consultants and practicing professionals can come to their rescue to help them get out of the problem areas, he informed.

**Mr. Ponraj** spoke about the major skilled labour challenges facing the industry today. He felt more needs to be done for undertaking skill training initiatives. He informed the audience about the significance of value addition of products and by focusing on value added products, the industry would benefit.

**Mr. V. Mahesh** briefly spoke about the key aspects of Insolvency and Bankruptcy Code and its significance for MSMEs.

The last session was a Panel Discussion on the sub-theme 'Technology for MSMEs'

Moderated by:

**Mr. Prem Anand**  
Secretary  
Cyber Society of India.

Co-Panelists included:  
**Mr. Ganesh Narayanan**  
Director  
IARM Information Security Pvt Ltd.

**Mr. Rajaram Venkataraman**  
President  
Software Process Improvement Network (SPIN), Chennai and Convenor, FICCI Tamil Nadu Technology Panel



Seated from Left to Right: **Mr. Ganesh Narayanan**, Director, IARM Information Security Pvt Ltd., **Mr. Prem Anand**, Secretary, Cyber Society of India, **Mr. Rajaram Venkataraman**, President, Software Process Improvement Network (SPIN), Chennai and **Mr. Murugan Kuppusamy**, Software Consultant and IOD Life Member during the Panel Discussion on 'Technology for MSMEs'

**Mr. Kuppusamy**

Software Consultant and IOD Life Member.

**Mr. Rajaram** while addressing mentioned that the digital transformation is already happening and it is happening in every industry. He said that is highly imperative for the SMEs to prepare for the digital era in order to remain competitive.

**Mr. Anand** while moderating the session mentioned that the Production Planning is happening in a seamless manner these days compared to the traditional ways of handling and it is moving from paper to digital.

**Mr. Murugan** spoke about the benefits of cloud computing and said that it is not a new technology and it will be an excellent business model to reduce the expenses. He also said there is a risk element involved in owning the hardware and software when compared to outsourcing it.

**Mr. Ganesh** spoke about the major cyber threats facing us and how important it is to take control measures. He said that the Small Companies are targeted the most since they have the innovative ideas. The ideas get stolen and are sold in the market. He also mentioned about the vulnerabilities in our day to day lives when it comes to the usage of gadgets and the internet and how easily the frauds can go undetected.

The Panelists also briefed about the concepts of Ethical and Unethical Hacking, Artificial Intelligence, Big Data and Block Chain Technology and how these are going to transform the way the industry is going to do business.

Compiled by  
**R. Karthik**  
Senior Manager, IOD, Chennai Region

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