

Good and Better Jobs in India

Fostering MSMEs and Jobs: *Policy Lessons from Experiences of Select Sectors and Clusters*

The roundtable seeks to assist relevant national and international stakeholders in deliberating two key challenges faced by the Indian MSMEs, namely blue-collar skills mismatch and adoption of ESGs. The purpose is to identify specific initiatives required in short- and medium-term to meet these challenges. CUTS International and Institute for Studies in Industrial Development will present a summary of findings from their various relevant

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India aims to achieve the vision of a developed nation, "Viksit Bharat," by 2047. In achieving this goal, the role of MSMEs is going to be critical. MSMEs are essential drivers of the Indian economy, playing a crucial role in employment generation with a far larger number of blue-collar job vacancies, innovation, economic diversification, and fostering inclusive growth. They are the backbone of India's economic landscape, creating over 120 million jobs annually.

Key Challenge 1: Mismatch in blue-collar skills

A persistent challenge looms in the form of a conspicuous discrepancy between the demand for skilled blue-collar labour and their available supply. This incongruity can result in serious implications for both blue-collar job seekers (the aspirational class of India) and the Indian economy as a whole. 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.

Notably, in the run-up to the Eighteenth G20 Summit held in September, 2023 in New Delhi under India's presidency, at the L20 Summit, the Prime Minister of India underlined this challenge by articulating the imperative of fostering skill development, reskilling and up-skilling amongst and of the blue-collar labour.

Hence, prioritising the right kind of employment, emphasising not only on job quantity but also ensuring the provision of good and better jobs for the masses, emerges as a crucial socio-economic determinant for human-centric development.

Key Challenge 2: ESG is critical for the integration of MSMEs in value chains

MSMEs are navigating the landscape of rapid technological advancement, adapting to innovations that have the potential to transform their operations, enhance efficiency, and open new avenues for growth.

They are poised to play a significant role in the future global value chain (GVC) and regional value chains (RVCs), contributing to the interconnected and dynamic networks of production, services, and innovation that characterise the evolving global economic landscape.

MSMEs are increasingly recognizing the importance of Environmental, Social, and Governance (ESG) considerations in their business practices and towards advancing the Sustainable Development Goals.

To expedite progress, our attention should be directed towards alleviating the compliance burden and addressing the challenges faced by MSMEs in adopting

ESG practices, with a specific emphasis on the 'Social' aspect within the ESG spectrum.

ESG investing from the Indian perspective is still in the infant stage and given its significance, it is essential to develop a distinct framework tailored for MSMEs' adoption of ESG.

This Roundtable seeks to take stock of the current policies and programmes aimed at addressing the blue-collar skills mismatch and ESG adoption, and help relevant stakeholders build a work programme to meet the challenges.

Given this Background, the Roundtable will focus on the following themes and sub-themes.

Theme 1: MSMEs as Pillars of Socio-Economic Development

- 1.1 MSMEs' pivotal role in job creation and participation in global value chains
- 1.2 Strategies to create an enabling ecosystem so that MSMEs continue to deliver greater economic impact and establish their footprints in the global market.

Theme 2: Addressing Blue-collar Skill Mismatch

- 2.1 Extent of the current skill mismatch and strategies to prepare MSMEs for future demands.

Theme 3: Enabling ESG Adoption by MSMEs

- 3.1 Importance of incorporating ESG practices to enable MSMEs to get integrated into global and regional value chains

- 3.2 Strategies to lessen the compliance burden and increase adoption of ESGs by MSMEs
- 3.3 Imperative for civil society involvement in stimulating efforts to institutionalise the ESG framework.