

<u>Event</u> :	International Conference for SMEs 2017
<u>Location</u> :	New Delhi, India
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INAUGURAL SESSION OF
21ST INTERNATIONAL CONFERENCE ON SMEs

**KEYNOTE ADDRESS BY MINISTER OF BUSINESS, ENTERPRISE &
COOPERATIVES, HON. SOOMILDUTH BHOLAH**

**The Vice-President of the Republic of India, Shri Muppavarapu
Venkaiah Naidu**

**Honourable Ministers and Members of the Legislative Assembly
Excellencies, Ambassadors and High Commissioners**

**The President of the World Association for Small and Medium
Enterprises, Mr Alhaji Babale Umaru Girei**

**The Executive Director, the Secretary General and Members of the
World Association for SMEs**

Representatives of the United Nations

Academics and international speakers

Distinguished guests

Ladies and Gentlemen,

All protocol observed

Good morning.

It is an honour for me to address you today on the occasion of the **21st edition of the International Conference on Small and Medium Enterprises**. I would first of all like to extend my gratitude to the organizer, the World Association for SMEs for the warm welcome and hospitality. It is indeed a privilege for me to share this prestigious platform together with a myriad of policy makers, decision-makers, business industry leaders,

international experts, academics, entrepreneurs and international agencies concerned with SME development.

Since its creation in 1980, the World Association for SMEs has been fully devoted to the cause of Small and Medium Enterprises by investigating into new ways of promoting and consolidating the SME industry. Over the years, the World Association for SMEs has been and continues to be **the catalyst of international cooperation for the growth and development of SMEs** through policy advocacy, information dissemination, events and trainings, amongst others. The association has also lived up to the expectations of being a strategic resource centre in facilitating networking worldwide.

The organisation of the 21st International Conference for Small and Medium Enterprises today in New Delhi bears testimony to this fact. We are all gathered to brainstorm and discuss about **“Achieving inclusive and sustainable industrialisation by promoting SMEs”** at a time where the world is changing at breakneck speed. I am confident that this edition of the conference will lead to successful SME development initiatives that are in harmony with the 2030 agenda of achieving the **Sustainable Development Goals (SDGs) set by the United Nations**.

Ladies and Gentlemen,

All of us present here today have chosen to be part of this commendable initiative of the World Association for SMEs because of our mutual consideration for the SME sector. This interest has helped us all to come together as one. The energy we create as one will undoubtedly allow us to achieve our individual as well as group goals.

The rapid growth of the global population is a major factor which requires world leaders to seriously ponder on these facts and figures. There were

fewer than 3 billion people in 1950. The United Nations expects the global population to grow to more than 9 billion in 2050. In that case, the world will be facing an increase in demand for goods and services. The challenge is to meet this demand while natural resources available are depleting over time.

According to the *Global Footprint Network*, today mankind uses the equivalent of 1.6 Earths to provide the resources we use and absorb our waste. This means it now takes the Earth 18 months to regenerate what we use in a year. What will happen in the long term, when demand for natural resources constantly outruns their supply? It becomes imperative to address this challenge.

SMEs are major economic players all over the world. They account for **55%** of GDP in developed economies and **35%** in developing economies. **More than 90%** of firms in the world are SMEs and they represent **90% of total employment** when taking into account formal firms and the large share of SMEs operating in the informal. While this applies to most countries, African countries in particular will rely on SMEs to provide employment for their growing working age populations - the number of new entrants into African labour markets will increase from **23 million a year in 2015 to 32 million a year in 2030**.

These figures are clear indications why SMEs have been identified as a major driver of poverty alleviation and sustainable inclusive development. The SDGs can only be achieved if countries manage to build up strong SMEs. Even though there are numerous targets of the SDGs that require the action of SMEs, there is one of crucial importance, in the **8th goal (Decent Work & Economic Growth)** that mentions them directly:

*“Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of **micro-, small- and medium-sized enterprises**, including through access to financial services.”*

Indeed, SMEs are already a major source of jobs across all economic sectors and geographical areas. They provide income and access to public services to high- and low-skilled people and those living in well-off and lagging regions. SMEs are also increasingly engaged in addressing societal needs through market mechanisms. Many social enterprises in particular contribute to delivering public goods and services such as healthcare or waste management, while often employing people at the margins of the labour market.

Late American economist, *William Baumol* rightly concluded that most breakthrough innovations in recent decades have come from small and medium-sized firms because, contrary to large enterprises, they can work outside dominant paradigms and without strong ties to existing products and technologies. I would say that leaders of SMEs are bold enough to break monotonous economic routine to embrace new challenges in order to diversify and consolidate their business processes.

Bearing in mind that SMEs are undoubtedly important suppliers of goods and services, reducing the environmental impact of their business practices is a key success factor in greening the economy. SMEs should be willing and capable to adopt sustainable practices and seize green business opportunities.

For SMEs to be able to contribute efficiently in the achievement of the SDGs, Governments and other stakeholders across the world should consolidate

the sector via the development of information-based tools, and regulatory as well as financial incentives to promote sustainable behaviour among entrepreneurs. For instance, the importance of SMEs to inclusive growth, especially because of their role in employment for women and young people, justifies dedicated attention to helping smaller firms **internationalise**. I find it quite revealing that the G20 trade ministers stressed at their last meeting in Shanghai that G20 countries, which have the necessary capacity, should help developing countries and SMEs follow international standards and regulations. When it comes to trade, the large majority of trade agreements paid little attention to the specific needs of SMEs until recently. The G20 has pledged to facilitate the **inclusion of SME needs in trade agreements** by recommending a stronger SME representation in the WTO, and by strengthening knowledge of as well as clarifying priorities on SME market access impediments.

Policies are also crucial to facilitate strong industrial linkages between large established firms and local production networks to integrate SMEs into **regional and global value chains**. Building such networks would help many developing countries to boost prospects for diversification, increased productivity and creating higher-quality employment. The ability of SMEs to participate in Global Value Chains also can yield substantial benefits, such as spill-overs of production technology and managerial know-how.

We should also tackle the widespread misperception that adopting sustainable technologies and processes protecting equates to technical complexity, burdens and costs. However many business leaders tend to ignore the fact that sustainable performance improves a firm's competitiveness and in the long term it will be rewarding.

Ladies and gentlemen,

Mauritius is in familiar territory when it comes to SDGs as the Government, from the very beginning of its mandate through the Vision 2030 economic mission statement, advocates an economic architecture which sets high on its agenda the questions of addressing unemployment, alleviating, if not eradicating, poverty as well as sustainable development and innovation. Government fully reckons the potential and importance of the SME sector in this perspective.

With a view to creating employment and unlocking the potential of SMEs which are major vehicles of job creation, a **10-Year Master Plan** has been launched by my Ministry in March 2017. This new framework, amongst others, sets a clear target for raising SMEs' share to total national employment **from 55% to 64%**. A provision of **Rs 100 million** has been made over the next three years for the implementation of this Master Plan.

My Ministry, in collaboration with the Ministry of Energy, has devised and implemented a **Green Energy Small Scale Distribution Generation Scheme**, with the objective of allow SMEs and cooperatives to produce electricity from solar photovoltaic system.

Like many African governments, we constantly work on fostering a business environment that is more conducive to value addition and to the development of regional and global value chains. The latest development in this area is our adherence to the **Tripartite Free Trade Area**, which will bring together three existing regional blocs to create a single continent-wide market for goods, services, and business people. This is a promise to build a bigger 'home market' that will enable African companies to specialize more and benefit from economies of scale.

At the same time, the Government of Mauritius is continuing to guarantee loans made to SMEs under the **financing schemes** which are operated by commercial banks, in addition to the SME Development Scheme, which is a plan provides funding for eligible projects at a highly preferential rate as well as tax exemption on specific items. In the 2017-2018 Budget, the Ministry of Finance and Economic Development has also significant brought down interest rates on loans to micro enterprises.

I am personally confident that such fiscal and non-fiscal measures will enable SMEs to thrive in order to achieve Sustainable Development Goals as laid down by the United Nations.

Now moving to the highlight of the conference: the **SME Excellence Awards** 2017, which will recognise the best performers from the SME sector in India and abroad for their contribution to the economy. This is a laudable initiative that will definitely inspire entrepreneurs to nurture a culture of innovation and best business practices. I must say that the Government of Mauritius is following this trend as not later than last week, my Ministry hosted the **SME Innovation Award** whereby SMEs which have brought significant innovations in terms of product or process development were rewarded.

Ladies and gentlemen,

SME's are 'small players with a big footprint'...The relationship between SMEs and SDGs is symbiotic and I am sure that the synergy that we will create through the rigorous dialogues and interaction to take place during this conference will help all delegates to design the way forward when it comes to strengthening SMEs' contribution in achieving the SDGs.

Thank you for your attention.