

Programme for Modernisation and Innovation Promotion in Micro, Small and Medium-Sized Enterprises in India (MSME INNO)

Innovate to Lead – Creating a vibrant innovation ecosystem for MSMEs in India

The Micro, Small and Medium Enterprises (MSME) sector in India contributes significantly to employment, industrial output, and exports. 63 million Indian MSMEs provide 110 million jobs and contribute to around 30 percent of the country's GDP. The Indian economy is ideally poised to be a part of the new wave of industrialization – with the MSME sector as a major contributor to its significant economic growth.

However, the MSME sector faces fundamental challenges which include the inability to exploit economy of scales, insufficient access to credit, poor market access and insufficient research and development (R&D)/ technology access. One elementary cause of these challenges is the fragmented innovation-enabling support mechanism for MSMEs. Inadequate linkages and weak capacities of key actors (enterprises, research institutions, technology suppliers, incubators, government bodies etc.) translate to limited innovation capacities of MSMEs.

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, on behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ), has partnered with the Indian Ministry of Micro, Small and Medium Enterprises (MoMSME) to enable the development of an innovative ecosystem for the Indian MSME sector through the Programme for Modernisation and Innovation Promotion in Micro, Small and Medium-sized Enterprises in India (MSME INNO).

Our Objective

The ecosystem, which promotes cooperation between key stakeholders to strengthen the innovation capacity and sustainability of MSMEs, is improved.

Project name	Programme for Modernisation and Innovation Promotion in Micro, Small and Medium-Sized Enterprises in India (MSME INNO)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	India
Lead executing agency	Indian Ministry of Micro, Small and Medium Enterprises (MoMSME)
Duration	01/2015 – 06/2021

Our Approach

Industry-Academia Linkages

The key role played by industry-academia collaborations in advancing economies is proven globally. In the Indian MSME sector's context, the two remain largely disconnected.

The project aims to bring these two actors together. It implements pilot projects where students and their mentors work closely with MSMEs to identify problem areas and develop solutions to address them. The pilots are executed in close collaboration with various industry associations.

Business Member Organisations' Capacity Enhancement

Business Membership Organisations (BMOs) play a pivotal role in building strong industrial ecosystems. They do so by offering knowledge and networking services to their members. The project aims to strengthen their capacities and enable them to provide improved services to their MSME members.



▪ Incubation and Start-up Ecosystem

Incubation services – ranging from providing space and mentorship to networking opportunities – are vital for early-stage innovators. In the Indian context, their manpower and infrastructure are inadequately equipped, and networks with key stakeholders are often weak.

The project adopts a multi-stakeholder approach to address these challenges: through setting up and strengthening incubators in select Technology Centres (TCs), providing trainings and capacity building for incubator managers, developing knowledge tools, and through creating networks and platforms.

▪ National/State Policy Recommendations

The project supports the MoMSME as well as two state governments in learning from international best practices on innovation management. Furthermore, the project will facilitate policy dialogue and provide a platform to share experiences.

By placing a strong emphasis on the engagement between public and private actors, encouraging innovation in MSMEs to drive India's economic growth, the MSME INNO contributes towards SDGs 1, 8, 9 and 17.

Where are we now – A few facts & figures

- 24 academic institutes offer industry-academia collaboration projects. So far, more than 1,000 students solved problems of more than 260 MSMEs in more than 340 projects
- More than 150 knowledge and information dissemination events, attended by more than 2,900 MSME members, were organised by 17 BMOs through the support of GIZ
- 10 Innovation Facilitation Cells (IFCs) have been established within the 40 BMOs strengthened by MSME INNO

- Incubators established in 3 TCs are offering services for promoting start-ups and innovation in MSMEs

Expected Benefits

- Improved services in 40 BMOs are expected to benefit more than 30,000 member MSMEs
- 23,400 MSME members have access to the IFCs offering innovation services
- An additional 150 start-ups are expected to benefit from improved services in the incubators strengthened by GIZ

An example from the field

Shree Tubes Pvt Ltd, a manufacturing enterprise in Aurangabad, faced a major challenge related to their workers' health. During the grinding process in machining units, metal dust particles were generated that were extremely hazardous for people working in the plant. With the support of GIZ's initiative on industry-academia collaboration, a low-cost auto dust collector machine was developed by a team of students that decreases the dust pollution inside the plant and improves workplace health and safety.

"The project was to make the tube mill free of hazardous metallic dust. Through GIZ, we saw that the solutions being suggested were actually implemented. I would request all MSMEs whose challenges are not being solved to ask students to give ideas. Give them a problem statement and they are going to give you fantastic results."

- Aaditi Rathi, Shree Tube Manufacturing Pvt Ltd, Aurangabad

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