

MSME Stakeholder Consultation

Responsible Business Conduct & the Social Dimension of ESG

*Strengthening Responsible Business Practices in India's MSME Sector: Perspectives, Challenges,
and Pathways Forward*

Participatory Dialogue | Industry Consultation | Ground-level Perspectives

Date: Friday, 8th May 2026

Venue: Royal Plaza, New Delhi

Time: 2:00 PM – 4:00 PM

Organised by: School of Business Environment (SoBE), Indian Institute of Corporate Affairs (IICA),
Ministry of Corporate Affairs, Government of India

In Partnership with: International Labour Organization (ILO)

Background

Micro, Small and Medium Enterprises (MSMEs) are the backbone of India's economy, contributing approximately 30 per cent of GDP, over 45 per cent of exports, and employing more than 110 million workers across diverse sectors. As suppliers, employers, and innovators, MSMEs are central to India's integration into global value chains and its vision of inclusive growth under Viksit Bharat, 2047. At the same time, MSMEs face growing expectations from buyers, regulators, and financiers regarding responsible business conduct including labour standards, worker welfare, supply chain due diligence, and ESG disclosure. The Government of India has established a robust regulatory architecture for responsible business conduct through the National Guidelines on Responsible Business Conduct (NGRBC), SEBI's Business Responsibility and Sustainability Reporting (BRSR) mandate, the four Labour Codes, and guidelines on sustainable finance. With value chain ESG disclosure requirements taking effect from FY 2025-26, MSMEs embedded in large corporate supply chains now face direct and indirect compliance expectations. Moreover, instruments such as the ILO MNE Declaration, UN Guiding Principles on Business and Human Rights, and emerging EU due diligence regulations continue to shape the landscape for Indian MSMEs seeking to access global markets.

Given the sector's growing significance, the Indian Institute of Corporate Affairs (IICA), in partnership with the International Labour Organisation (ILO), is conducting a study on Responsible Business Conduct in India. Building upon a series of Inter-ministerial Workshops convened by IICA, this Consultation centres the MSME perspective by gathering ground-level insights from industry chambers and associations to ensure that evidence-based policy recommendations reflect the realities, aspirations, and capacity needs of India's MSME sector.

Significance of MSME Industry Chambers and Associations

Industry chambers and MSME associations are indispensable intermediaries in India's responsible business ecosystem that are key towards translating policy into practice, building member capacity, and shaping the regulatory dialogue. The particular purpose of your participation will help to:

- Gather ground-level perspectives on the opportunities and constraints faced by MSME members in adopting responsible business practices, including labour standards, ESG compliance and due diligence requirements.
- Explore the role of industry chambers in collective action initiatives including capacity-building, peer-learning, and sectoral toolkits that can enable MSMEs to strengthen social ESG practices, and position responsible business conduct as a driver of competitiveness and market access.
- Identify practical enabling mechanisms including simplified disclosure standards, government incentives, and access to sustainable finance that industry associations recommend to support MSME integration into responsible value chains and global markets.

Key Themes

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| Labour Standards and Decent Work | Fair wages, safe working conditions, freedom of association, and social protection practices in MSME operations. |
| ESG Disclosure and Reporting | Awareness of BRSR, NGRBC, and value chain ESG requirements: simplified, tiered disclosure frameworks for MSMEs. |
| Supply Chain Responsibility | ESG expectations from large buyers: due diligence readiness, responsible procurement, and informal labour in value chains. |
| Access to Sustainable Finance | Green and social lending, ESG-linked finance: barriers to responsible finance for MSMEs and the role of financial institutions. |
| Grievance Mechanisms and Access to Remedy | Workers' voice, grievance redressal systems, and access to justice for MSME workers including contract and informal workers. |
| Capacity Building and Industry Support | Role of associations in training and awareness, demand for simplified tools and handholding for MSME ESG adoption. |
| Alignment with Global Standards | Export market sustainability requirements: EU due diligence regulations and the business case for responsible practices in global value chains. |

Expected Outcomes of the Consultation

- Consolidated ground-level perspectives from MSME chambers and associations on opportunities, constraints, and enabling conditions for responsible business conduct and decent work in the MSME sector.
- Practical recommendations and enabling mechanisms for disclosures, capacity-building, and financing that inform the IICA-ILO study on Responsible Business Conduct.

Invited Industry Chambers and Organisations

Laghu Udyog Bharati (LUB) | Federation of Indian Micro and Small & Medium Enterprises (FISME) | All India Manufacturers' Organisation (AIMO) | CII – SME Council | FICCI – MSME Committee | ASSOCHAM – MSME Council | PHD Chamber of Commerce and Industry | India SME Forum | Consortium of Women Entrepreneurs of India (CWEI) | SME Chamber of India | MSME Chamber of India | CIMSME

Proposed Agenda

| Time | Session | Speaker |
|--------------------------|--|--|
| 1:00 PM – 2:00 PM | Lunch | |
| 2:00 PM – 2:10 PM | Welcome Address | Dr. Garima Dadhich |
| 2:10 PM - 2:20 PM | Special Address | ILO Representative |
| 2:20 PM – 2:30 PM | Overview of IICA-ILO Research Study and its Relevance to India's MSME and ESG Landscape | IICA Representative |
| 2:30 PM – 3:45 PM | Ground-Level Perspectives on Responsible Business Conduct, Decent Work, and ESG Adoption among India's MSMEs | Discussion moderated by ILO/IICA Representatives |
| 3:45 PM – 4:00 PM | Closing Remarks | IICA/ILO Representative |

For further information, please contact:

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