MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

INDIAN SCENARIO

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Additional Secretary & Development Commissioner Ministry of Micro, Small & Medium Enterprises Government of India
India: a large country with federal structure

Population in excess of one billion

Planned economy

Liberalised economy since 1991

Lowering of tariff barriers & onset of globalisation

Govt. interventions and assistance programmes began in 1950s

MSME now a vibrant sector
12.5 million MSMEs

- Employ 30 million People
- Contribute approx. 50% of Industrial Production
- Contribute approx. 45% of Exports
MSME- INDIAN SCENARIO

Scale of operation (2004-05)

<table>
<thead>
<tr>
<th></th>
<th>MSE</th>
<th>MSME</th>
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<tbody>
<tr>
<td>Exports:</td>
<td>$ 33 Billion</td>
<td>$ 56 Billion</td>
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<tr>
<td>Production:</td>
<td>$ 130 Billion</td>
<td>$ 160 Billion</td>
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<tr>
<td>Reserved items:</td>
<td>$ 114 Billion</td>
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(for exclusive manufacture by MSMEs)

Industrial Growth Rate: 11.5%

Growth Rate

SSI Growth Rate : 13.0%
## MSME - INDIAN SCENARIO

### TRENDS IN GROWTH

<table>
<thead>
<tr>
<th>YEAR</th>
<th>GDP%</th>
<th>INDUSTRIAL SECTOR %</th>
<th>SSI SECTOR %</th>
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<tbody>
<tr>
<td>1999-00</td>
<td>6.4</td>
<td>6.5</td>
<td>8.16</td>
</tr>
<tr>
<td>2000-01</td>
<td>4.4</td>
<td>4.9</td>
<td>8.09</td>
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<tr>
<td>2001-02</td>
<td>5.6</td>
<td>2.7</td>
<td>6.08</td>
</tr>
<tr>
<td>2002-03*</td>
<td>4.4</td>
<td>5.3</td>
<td>7.41</td>
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<tr>
<td>2003-2004</td>
<td>8.5</td>
<td>7.0</td>
<td>8.59</td>
</tr>
<tr>
<td>2004-2005</td>
<td>6.9</td>
<td>8.4</td>
<td>9.96</td>
</tr>
<tr>
<td>2006-2007</td>
<td>9.0</td>
<td>11.5</td>
<td>13.00</td>
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</tbody>
</table>
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PRODUCTS OF SSIs

More than 8000 products

- Food Products: 35
- Chemical & Chemical Products: 21.84
- Basic Metal Industry: 12%
- Metal Products: 6.05
- Electrical & Machinery Parts: 8.4
- Rubber & Plastic Products: 10.44
- Others: 6
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■ MAJOR EXPORT PRODUCTS

■ READYMADE GARMENTS
■ CHEMICALS AND PHARMACEUTICALS
■ ENGINEERING GOODS
■ PROCESSED FOODS
■ LEATHER PRODUCTS
■ MARINE PRODUCTS
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Current 5 Year Plan (2007-2012) :

• MSMEs to grow @ 13% per annum

• & to generate additional 1.3 million jobs per annum
MSE development as a tool of state policy aims at:

- Generation of Employment
- Dispersal of Economy
- Utilization of local skills and resources
- Meet demands locally, as feasible
NEW ACT: Classification

Concept of ‘Enterprises’ as against ‘Industries’

- Enterprises classified broadly into those:
  (i) engaged in the manufacture &
  (ii) engaged in services
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Machinery Cost in MANUFACTURING ENTERPRISES:

- **Micro** - Up to $ 55,000

- **Small** - $ 60,000 to $ 1.2 million

- **Medium** - $ 1.2 million to $ 2.5 million
Equipment cost in SERVICE ENTERPRISES:

- **Micro** – Up to $ 25,000
- **Small** – $ 25,000 to $ 500,000
- **Medium** – $ 500,000 to $ 1.25 million
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Policy support for MSEs

- Legislation
- Credit support
- Fiscal support
- Small Industry Cluster Based Programme
- Technology & Quality Upgradation
- Marketing Support Programmes
- Empowerment of Women-owned Enterprises
- Statistical Data for decision making
- Training & Exposure
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Mechanism for promotion & development

- Federal Government responsible for policy, credit flow, centrally sponsored schemes
- State Governments responsible for implementation, infrastructure development and monitoring
- Capacity building, training, consultancy support, technology demonstration & transfer, data compilation & maintenance and marketing supported by Federal Government as well as State Governments
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Infrastructure

- Industrial infrastructure planned & developed by State Governments
  - Industrial land, plots, sheds and workplaces
  - Roads
  - Power distribution
  - Institutional buildings
- Infrastructure supported by Federal Government
  - Communication
  - Power generation
  - Funding to States and private organisations for infrastructure development
  - Transportation
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Promotional needs

- Awareness building
- Potential assessment & product identification
- Consultancy
- Technology
  - Exposure, Documentation & adoption
  - Demonstration and common facilities
- Training
  - Entrepreneurship development
  - Management development
  - Skill upgradation
Promotional needs (contd..)

- Market development
  - Training
  - Market surveys
  - Export avenues

- Specialized institutions
  - Product / process based
  - Services based
  - Raw material based
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Support programmes and schemes

- Assistance for Entrepreneurship Development
- Credit Guarantee Fund Scheme for Small Industries
- Micro Finance programme
- Credit Linked Subsidy Scheme for Tech upgradation
- Tool Rooms for Dies, Moulds, Jigs, Fixtures
- Testing Stations for Calibration
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Support programmes and schemes

- Cluster Development Programme
- Quality Upgradation in small scale sector, through incentive for ISO 9000 & 14001 Certification
- Trade Related Entrepreneurship Assistance for women
- Setting up of Testing Centers by Industries Associations
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- The availability of policy and developmental support has enabled rapid and sizeable development of Micro & Small Enterprises in India.

- Changes in policy & support have been effected as per emerging needs of globalization, to enable SSI in maintaining competitive edge.

- WTO Compatibility
- Availability of Finance
- Technology Upgradation
- Skill Development
COOPERATION AVENUES FOR DEVELOPMENT OF SMALL SCALE INDUSTRIES IN PERU

July 2006 - Peru

Presentation by

Jawhar Sircar

Addl. Secretary & Development Commissioner (SSI)

Ministry of Small Scale Industries, Govt. of India
DEVELOPMENT OF SSI

- Indian experience of SSI development is a successful and sustainable model
  - Economic & Industrial development in India
  - Addressing the unemployment problem.

- India will be happy to cooperate and share its experiences of SSI development with PERU
DEVELOPMENT OF SSI

Cooperation Avenues

- Policy planning
- Credit Mechanism
- Assessment & evaluation studies
  - Industrial potential
  - Market potential
  - Trade practices
- Technology needs & transfer
  - Implementation of sectoral programmes
- Infrastructure development
- Institutional mechanism
- Training
DEVELOPMENT OF SSI

Cooperation Avenues with Peru

- Policy planning
  - Assessment of Policy needs
  - Policy formulation
  - Optimization of resources
  - Enunciation of economic & industrial growth targets
  - Development support policy as per national needs
DEVELOPMENT OF SSI

Cooperation Avenues with Peru

- Credit Mechanism
  - Credit Policy & Structure
  - Assessment of Credit needs
  - Formulation of Credit Guarantee Scheme
DEVELOPMENT OF SSI

Cooperation Avenues with Peru

- Assessment & evaluation studies
  - Industrial potential
  - Resource potential
  - Market potential
  - Trade practices
  - Promotional initiatives
DEVELOPMENT OF SSI

Cooperation Avenues with Peru

- Infrastructure development
  - Assessment of industrial infrastructure needs
  - Development of industrial infrastructure

- Institutional mechanism
  - Identification & Assessment of Institutional support needs
  - Project Plan for desired institutions
  - Establishment of specialized institutes/centers
DEVELOPMENT OF SSI

Cooperation Avenues with Peru

Training

- Identification & Assessment of Training needs
- Training of trainers
- Establishment of training centers
- Specific training programmes in India for Peru entrepreneurs
- Expertise to conduct training programmes in Peru
DEVELOPMENT OF SSI

- India will be happy to cooperate for development of SSI in Peru as per needs

- A working group could be constituted to formulate an understanding for sustainable development
THANK YOU
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