

MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

INDIAN SCENARIO

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MSME- INDIAN SCENARIO

- **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**

MSME- INDIAN SCENARIO

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)

	MSE	MSME
■ Exports :	\$ 33 Billion	\$ 56 Billion
■ Production:	\$ 130 Billion	\$ 160 Billion
■ Reserved items:	\$ 114 Billion	

(for exclusive manufacture by MSMEs)

■ Growth Rate	Industrial Growth Rate:	11.5%
	SSI Growth Rate	: 13.0%

MSME- INDIAN SCENARIO

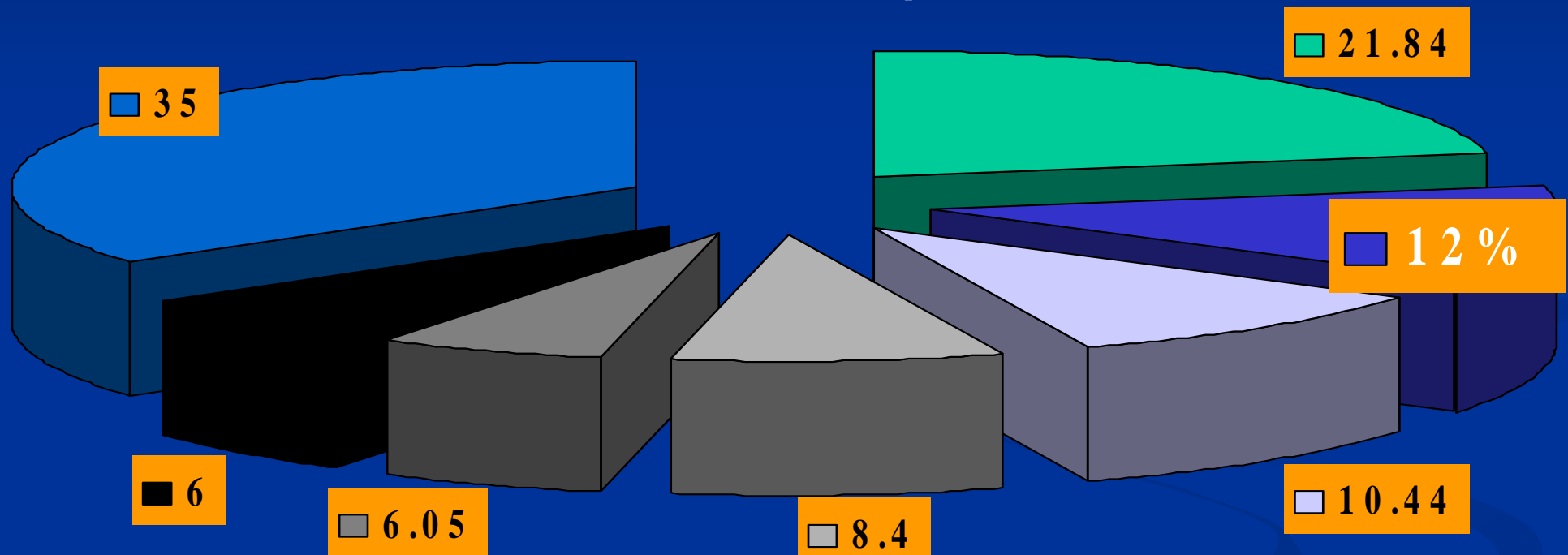
■ TRENDS IN GROWTH

YEAR	GDP%	INDUSTRIAL SECTOR %	SSI SECTOR %
1999-00	6.4	6.5	8.16
2000-01	4.4	4.9	8.09
2001-02	5.6	2.7	6.08
2002-03*	4.4	5.3	7.41
2003-2004	8.5	7.0	8.59
2004-2005	6.9	8.4	9.96
2006-2007	9.0	11.5	13.00

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PRODUCTS OF SSIs

More than 8000 products



Food Products

Basic Metal Industry

Electrical & Machinery Parts

Others

Chemical & Chemical Products

Metal Products

Rubber & Plastic Products

MSME- INDIAN SCENARIO

- MAJOR EXPORT PRODUCTS
 - READYMADE GARMENTS
 - CHEMICALS AND PHARMACEUTICALS
 - ENGINEERING GOODS
 - PROCESSED FOODS
 - LEATHER PRODUCTS
 - MARINE PRODUCTS

MSME- INDIAN SCENARIO

Current 5 Year Plan (2007-2012) :

- **MSMEs to grow @ 13% per annum**
- **& to generate additional 1.3 million jobs per annum**

MSME- INDIAN SCENARIO

- 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

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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

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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

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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**
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- **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**

MSME- INDIAN SCENARIO

- **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**

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COOPERATION AVENUES FOR DEVELOPMENT OF SMALL SCALE INDUSTRIES IN PERU

July 2006 - Peru

Presentation by

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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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