MSME POLICY IN CHINA

**Definition:** Based on Promotion Law:

<table>
<thead>
<tr>
<th></th>
<th>Industrial SME</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payrolls</td>
<td>2000</td>
<td>300 or more</td>
</tr>
<tr>
<td>Revenue</td>
<td>300 Million RMB</td>
<td>30 Million RMB</td>
</tr>
<tr>
<td>Total Assets</td>
<td>400 million RMB</td>
<td>40 Million RMB</td>
</tr>
</tbody>
</table>

Rest are in the Small Category.

**Aspects of Policy:**

1. Encourage indirect Financing

2. Promotion of SME credit guarantee system (e.g. Credit guarantee agencies exempted from turn over tax)

3. Support for business start up
   - development of training programme
   - entrepreneurship monitoring
   - business start up services by intermediary service agencies.
   - Govt. support.
   - Technology Incubator scheme.

4. Market Expansion
   - Fund for SME International Market development launched in 2000. (Support SMEs to participate in overseas exhibitions & fairs.)
   - China International SME fair- annual event since 2003.

5. Industry –academia linkage
   - Linkage with Universities and research Institutes by jointly setting up labs and R &D Centres.
   - Technology intermediary agencies.
     - SME service centres
     - Productivity Centres
     - Technology consulting Organisations.
     - Technology Exchange Markets
     - Business support services in Industrial centres providing product testing & Inspection, Industrial
design, consulting and diagnosis technical services.

6. Emphasis on education and training/ improve the human qualities.
   - SME galaxy training programme since 2003.
   - Training in business administration.
   - Safe production.
   - Industrial Policies.

7. Step up the construction of information networks and provide all sorts of free information service for SMEs:
   - China SMEs information portal
   - Branch Website-Information on:
     - Policy
     - Regulation
     - Market
     - Cooperative opportunities.
   - Large IT companies guided by Govt provide SMEs with IT solutions.

8. Increasing Capacity for technical Innovation:
   - Market oriented national innovation system.
   - Policy to encourage R&D Investment:
     - Accelerating commercialization of science –tech achievements.
     - Govt. procurement of domestic innovation products.
     - Reduction of corporate income tax for accredited high tech enterprises, - micro enterprises,
     - Credit guarantee system improved.
   - Technological innovation Fund, SME Development Fund.
   - Regulations, guidance funds for venture capital enterprises-taxation support.
   - SME Board in Shenzhen stock exchange.

9. Consolidate various resources.
   - Universities, research institutes, large enterprises - Open research facilities to SMEs
• Establish long term cooperative relationship with SMEs
• Linkage between Industry and academia.
• Intermediary agencies of Science & Technology to provide services fitting with SMEs.

10. Promote platform of business support services:
   • In regions where SMEs concentrate.
   • R&D, Industrial Design, Centralised Pollution treatment.

11. Vocational education, continuing education and specialized training.

12. IPR Protection:
   • Established markets for IPR trade.
   • Launched “a Tour of SMEs Patents”.
   • Stepped up IPR projection.

13. Developing Industrial Clusters.
   o Small products but big markets.
   o Small clusters but great achievements.
   o Specialization, Excellence, Distinctiveness and originality.

14. Enhance the capacity of sustainable development.

*****