



सत्यमेव जयते

Report
of
The Working Group
on
Micro, Small & Medium Enterprises (MSMEs) Growth
for
12th Five Year Plan (2012-2017)



Ministry of Micro, Small & Medium Enterprises
New Delhi - 110108

FOREWORD

The Micro, Small and Medium Enterprises (MSME) sector contributes significantly to manufacturing output, employment and exports of the country. It is estimated that in terms of value, the sector accounts for about 45 per cent of the manufacturing output and 40 per cent of total exports of the country. The sector is estimated to employ about 69 million persons in over 26 million units throughout the country. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by MSMEs in the country. It is well known that MSME sector provides maximum opportunities for both self-employment and jobs, outside agriculture sector. The inclusiveness of the sector is underlined by the fact that nearly 50% of the MSMEs are owned by disadvantaged groups of society.

To make the sector a significant player in the global marketplace, Government has taken a number of policy initiatives during the recent period. The definitions and coverage of MSE sector were broadened significantly under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which recognized the concept of "enterprise" to include both manufacturing and services sector besides, defining the medium enterprises, setting up a Board for developing policy frameworks and indicating a procurement policy.

To identify issues inhibiting growth of the sector, a Task Force was constituted by the Prime Minister in 2009. In its report, the Task Force made 85 recommendations to unshackle the Indian MSMEs. While most of the recommendations have already been implemented, there are some specific issues related to policy and Government support which need immediate attention.

Planning Commission constituted the present Working Group on Micro, Small & Medium Enterprises (MSMEs) Growth for the 12th Five Year Plan (2012-17), under the chairmanship of Secretary (MSME) with 46 members representing various Ministries/Offices of Government of India, representatives of selected State Governments and Industry Associations, NGOs etc. in May, 2011. The terms of reference of the Group was, carrying forward the recommendations of the Prime Minister's Task Force and suggest specific action plan and milestones to be achieved within the 12th Plan period. Further, the terms of reference of the Group also includes suggestions to address problems of Un-organized Sector and formulate proposals/schemes to facilitate overall growth of the MSME sector.

A framework for the report of the Working Group was developed In the first meeting of the Group and 11 Sub-Groups were constituted for detailed study of important focal areas to identify the bottlenecks and suggest facilitation needed to overcome them. In its second meeting the Working Group decided to give the recommendations on following thematic verticals:

- i. Finance, including credit.
- ii. Infrastructure.
- iii. Technology.
- iv. Marketing & Procurement.
- v. Skill Development & Training.
- vi. Institutional Structure

Khadi is the proud legacy of our national freedom movement and the father of the nation. One of the most significant aspects of Khadi and Village Industries (KVI) in Indian economy is that it provides sustainable employment to rural artisans. The Working Group has recommended a road map for projecting Khadi as well Village Industries as pure, ethnic and environment friendly products in the global market. Similarly, Coir sector has an enormous growth potential. This wonder fibred could be converted into high value products like geo- textiles and other green products. The recommendation of the Working Group is to promote value added coir products with required funding by the Government. The Group recommends retaining unique status of both the sectors and proposes separate allocation for them.


While all recommendations of the Working Group are considered to be important to facilitate growth of MSME sector during the 12th 5-Year Plan period, the Group would like to mention a few Game Changers in the recommendations, implementation of which will be crucial for the ski-jumping of MSME Sector in the global market place.

The MSME sector of India is today at the gateway of global growth on the strength of competitive and quality product range. However, facilitation from the Government is required to minimize transaction costs of technology upgradation, market penetration, modernization of infrastructure etc. History shows that only with persistent and effective Government support in these areas the SMEs of countries like Japan, Korea etc. emerged as global players. The PM's Task Force has already taken significant initiatives in this regards. The recommendations of this Working Group for the 12th Plan period will be vital enabler towards implementation of the initiatives of the Task Force through participative, transparent and scalable policies and schemes of the Government of India.

I would like to record my sincere appreciation of painstaking efforts of members of the Working Group, Chairmen and members of the sub groups and others who contributed in making this comprehensive report. I also appreciate the secretariat services provided to the Working Group and Sub-Groups by the Office of Development Commissioner, MSME.

New Delhi

Dated:



(R K Mathur)

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