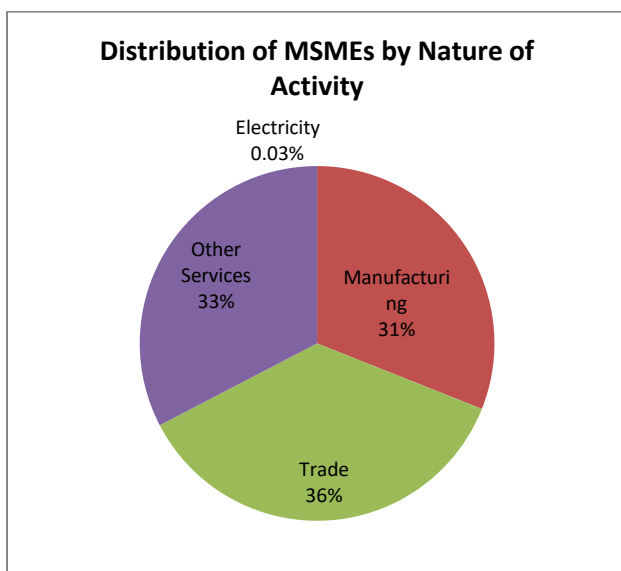


MSMEs Sector Note

Current Scenario

MSMEs in India contribute to around 30% of GDP, thereby reflecting its huge significance in terms of economic growth. The sector has contributed around 3.6 crore jobs (70 per cent) in the manufacturing sector, as per the annual report 2017-18 of the Ministry of MSME. MSMEs are spread across various clusters in India.



As per the National Sample Survey (NSS), there are around 633.88 lakh unincorporated non-agriculture MSMEs in the country. Of these, 31% MSMEs are found to be engaged in Manufacturing activities, while 36% in Trade and 33% in Other Services. Also out of the total estimated number of MSMEs, 51.25% were in rural area while 48.75% in urban areas.

In 2017-18, revenues of micro, small and medium enterprises increased by 27% year over year while operating profit increased by 66%. This implies that after certain challenges faced by the MSMEs mainly on account of demonetization, and GST rollout, vibrancy is returning to the sector.

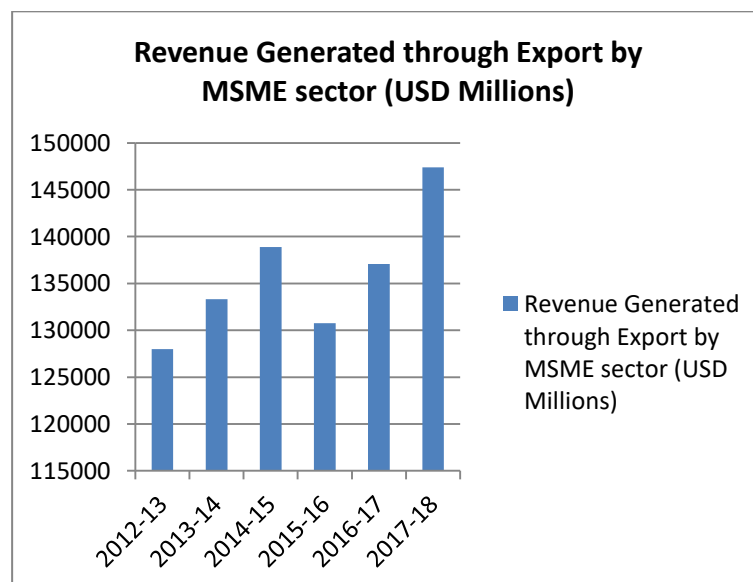
Source-Ministry of MSME, GOI

Revenues generated through export by MSME sector reached USD 147,390.08 million in 2017-18, growing at a 5-year CAGR of 2.86%.

Toward funding support, public sector banks have approved more than 1.12 lakh loan applications of MSMEs totaling INR 37412 crores under the 59 minutes loan scheme launched by the Government in November 2018.

Future Scenario

India's MSME sector has the potential to create up to 1 crore new jobs in the next 4-5



Source-DGCIS

years by focusing on developing the enterprises in certain segments such as artificial jewelry, sports goods, scientific instruments, textile machinery, electric fans, rubber, plastic, leather & related products and so on . Focus on partial import substitution along with dedicated focus on developing MSMEs clusters can boost employment.

Ministry of MSMEs aims to promote growth and development of the Sector, including Khadi, Village and Coir Industries, in cooperation with concerned Ministries/Departments, State Governments and other Stakeholders, through providing support to existing enterprises, adopting cutting edge technologies and encouraging creation of new enterprises.

Government of India intends to establish 20 hubs across the country, and 100 spokes in the form of tool rooms. Also, Government has decided to form clusters of pharmaceutical MSMEs. Around 70% of the cost of establishment of these clusters will be borne by the Union Government.

Key Initiatives

- ❖ GST-registered MSMEs can take loan upto INR 1 crores in less than an hour through 'psbloansin59minutes.com' portal
- ❖ GST registered SME units will get 2% interest rebate on incremental loan of INR 1 Crore.
- ❖ The requirement of sourcing from SMEs by Government enterprises has been increased to 25%. Of this, at least 3% will be sourced from women owned SMEs.
- ❖ Government e-Marketplace (GeM)– to make public procurement transparent, inclusive and efficient.
- ❖ 'Udyog Aadhaar Memorandum' (UAM) to enable ease of registration.
- ❖ MSME SAMADHAAN Portal, SAMBANDH Portal and SAMPARK Portal to address delayed payments, monitor implementation of public procurement policy, and generate employment
- ❖ MSME databank- portal named www.msmedatabank.in created for MSMEs to furnish information relating to their enterprises online to the GOI
- ❖ MSME Policy of Government of West Bengal–to increase the ancillaries and vendor linkage of MSME from the present about 2% to 10% over the next five years