

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:2799
ANSWERED ON:14.03.2013
CHALLENGES IN MSME SECTOR
Mahato Shri Narahari

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether challenges like inadequate exposure to international market, low capital base, competition from China etc. are being faced by Micro, Small and Medium Enterprises (MSMEs) in the country;
- (b) if so, the details thereof;
- (c) the steps taken by the Government to overcome these challenges; and
- (d) the steps taken/proposed to be taken to increase employment generation, domestic production and export earnings?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI K.H. MUNIYAPPA)

(a): Yes Madam.

(b): Inadequate exposure of Indian Industries including Micro, Small and Medium Enterprises to International market is captured in the World Development Indicators, 2011 of the World Bank. The data reflects that although in 2011 India was 10th in the World in respect of its Gross Domestic Product (GDP), the country's rank was 18th in respect of its exports of goods and services.

The low capital base of MSMEs has been brought out in the latest and fourth census of the MSME Sector conducted with reference year of 2006-07, wherein data was collected till 2009 and the results published in 2011. Therein Micro enterprises, which are defined as having invested in plant and machinery/equipment up to Rs.25 lakhs comprised 94.94% of all enterprises in the MSME sector.

Strong competition from China faced by Indian MSMEs is evident in high growth of India's imports from China. As per information compiled from Director General of Commercial Intelligence & Statistics in respect of 8 major product groups largely manufactured by the Small Scale Industries (SSIs) in India, imports from China grew at a higher rate than their respective imports from All Countries combined during 2008-09 to 2011-12. As these 8 product groups accounted for 54% of India's total imports from China in 2011-12, a significant proportion of Indian SSIs are seen to be facing greater competition from China as compared to the rest of the World. These product groups pertain to Electrical and Electronics, Mechanical and Metallurgical products on the one hand and Chemical & Glass & Ceramics based products on the other.

(c): Through the Ministry of MSME, Government is implementing various plan schemes/ programme to overcome the challenges on the growth of MSMEs. To this end, the Ministry of MSME was allocated a Gross Budgetary Support (GBS) of Rs.10,330 crore during the 11th Plan (2007-12). The GBS for the 12th Plan (2012-17) of the Ministry has been approved at Rs.24,124 crore by the Planning Commission. These schemes/programmes help MSMEs grow, increase their competitiveness and consequently exports.

(d): The Prime Minister's Employment Generation Programme (PMEGP), being implemented by the Ministry of MSME since 2008-09 is primarily focused at setting up micro units and generating associated employment. Since the inception of the scheme and until 31.01.2013, PMEGP has supported setting up of 1.85 lakh micro-enterprises, which has helped create employment for an estimated 17.78 lakh persons.

Besides PMEGP there are other schemes/programmes being implemented by Ministry of MSME, which support the growth of micro and small enterprises. These include Scheme of Fund for Regeneration of Traditional Industries (SFURTI); Workshed Scheme for Khadi Artisans; Rejuvenation, Modernization and Technological Upgradation of Coir Industry (REMOT); Credit Guarantee Scheme; Credit Linked Capital Subsidy Scheme; Performance and Credit Rating Scheme; Cluster Development Programme; and National Manufacturing Competitiveness Programme (NMCP). The NMCP has 10 components, which help micro and small enterprises become competitive in both domestic and global markets through up-gradation of skills, adoption of best manufacturing and marketing practices and use of improved technology. For exports promotion in particular, the Ministry is implementing Market Development Assistance Scheme as also various other export promotion schemes through its autonomous/ statutory bodies, namely National Small Industries Corporation (NSIC), Khadi and Village Industries Corporation (KVIC), and Coir Board.