

Ministry of Micro Small Medium Enterprises

Press Note – 23rd September 2014

1. MSME sector has been playing an important role in socio-economic development of the country. MSME sector contributes around 8% of GDP, 40% of the total exports and around 45% of the manufacturing output. As per the Fourth All India Census of the Micro, Small and Medium Enterprises, total number of Enterprises of the MSME sector is 361.76 lakh of which 15.64 are registered Enterprises. The sector provides employment to 805.24 lakh persons.

2. The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of India, supplements the efforts of the State Governments through various initiatives. The role of the Ministry of Micro, Small and Medium Enterprises (M/o MSME) and its organizations is to complement the States in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario. The Khadi and Village Industries Commission (KVIC), and the Coir Board, which are two statutory bodies under the Ministry, are specifically mandated to address the growth and development of the Khadi, village industries and the coir industries. The Ministry implements the Prime Minister's Employment Generation Programme through the KVIC (nodal agency) and the State Governments.

3. The areas in which the Ministry provides support to the MSME sector (including Khadi, Village Industries and Coir Industry), include i) adequate flow of credit from financial institutions/banks; ii) support for technology up-gradation and modernization; iii) integrated infrastructural facilities; iv) modern testing facilities and quality certification; v) access to modern management practices; vi) entrepreneurship development and skill up-gradation through appropriate training facilities; vii) support for product development, design intervention and packaging; viii) welfare of artisans and workers; ix) assistance for better access to domestic and export

markets and x) cluster-wise measures to promote capacity building and empowerment of the units.

4. Achievements

Given the nature of the MSME sector and its wide reach, the Ministry has focused in recent months on active engagement with stakeholders, and enhancing the efficiency and reach of its development programmes. Some of the steps taken in this regard are as under:

4.1 Public Outreach: The Ministry has opened interactive interfaces on Facebook and Twitter. We have been informing about all important activities through these social media channels in addition to the normal websites of the Ministry and its field offices. It is important to note that 70% of the followers in Facebook are in the 18 to 34 age group. Ministry has also set up an Udyami Helpline (Toll free number: 1800-180-6763).

4.2 Interaction with stakeholders: The Ministry held a detailed interaction with over 80 industry associations in July 2014. A National Conference with the Ministers and Secretaries in charge of MSMEs, of all States and UTs was held in August 2014. The suggestions received from the stakeholders with regard to various issues connected with MSME Policy and implementation at various levels, have been compiled and action on follow up has been initiated in a systematic manner. Interaction with various stakeholders was held in June 2014 and July 2014 on strengthening of Khadi institutions and Khadi reforms to make the Khadi sector competitive and sustainable.

4.3 Advocacy: We have conveyed the vision of the Prime Minister with regard to various issues such as easing the procedures for doing business, better communication between the states and the central Ministries and partnership with industry associations.

Online registration of MSMEs at the State level and improving quality and productivity to accomplish the objective of “zero defect and zero effect”

have been rolled out as priority through our ongoing programmes such as that for Lean Manufacturing, Technology and Quality Upgradation and Energy Conservation etc.

4.3 E-Governance: The Ministry has launched the following initiatives:

- Virtual Cluster web portal has been made available at www.msmsecluster.in. It will provide facilities like common application forms, credit scoring models etc. and a platform for Industry-Academia various Linkages. So far 86 Domain experts, 125 academic institutions and 18341 MSME enterprises have been started.
- An Employment Facilitation Portal (www.niesbudnaukri.com) set up by NIESBUD was launched by the Minister (MSME) on 11th July, 2014. This enables matching of job providers and job seekers. So far 10134 youth seeking jobs and 179 employers have been registered.
- B2C web portal of NSIC was launched by the Minister (MSME) on 31st July, 2014. This portal will market MSME products exclusively boost export, helping manufacturing and supply of machines etc.
- e-Office initiative has been introduced to achieve less paper office in the Ministry. Movement of e-files has been started and digitalization of existing physical files for converting the same into electronic files is under process.
- ISO 9001: 2008 quality standards has been adopted for the entire Ministry and the processes completed and the certification is expected in 4-6 weeks.
- Bio-metric Attendance System for all employees of the Ministry was started w.e.f. 20th August, 2014 resulting in punctuality of attendance. Aadhaar-based system of attendance monitoring is being worked out in consultation with DeitY.
- A National Portal for filing of EM-I and EM-II is ready for launch. A Video Conference with all States and UTs was held recently to encourage adoption of online filing through the National Portal. The database will be shared for decision support system and planning for MSMEs.

- All the forms and guidelines of the schemes implemented by the Ministry have been placed on the website. Online applications have been introduced in respect of large number of schemes and the Ministry will gradually cover all the schemes.

4.4 **New programmes:** The Ministry finalized and launched the following new programmes:

- (i) **Revamped and Upgraded SFURTI:** For the traditional and village industries, we have significantly enhanced the ongoing Scheme of Fund for Regeneration of Traditional Industries (SFURTI) to achieve better and more intensive coverage with expert inputs.
- (ii) **Special component plan to support 100 Khadi institutions and Self Help Groups in the Border, Hill and Left Wing Extremism affected areas** has been sanctioned at a cost of Rs.76 crore.
- (iii) **Rejuvenation, Modernisation and Technology Upgradation of coir industry (REMOT) Scheme** has been revamped with credit linked entrepreneurship promotion for Coir Sector.
- (iv) **Software for Online registration of MSMEs** in District Industries Centres has been tested and validated. It will be rolled out in all states in two months.
- (v) **Employment-linked Skill Enhancement Programme** with Private Sector Partnership was launched, with Samsung. Similar models will be taken up with others in PPP mode.

4.5 **Programme Implementation:** The implementation of programmes has significantly improved when compared to the previous years. For example, under the Prime Minister Employment Generation Programme (PMEGP), with the active use of online application and tracking system by all States, the number of applications processed has almost doubled in comparison to the corresponding period last year. Likewise, the disbursement has also increased considerably. Our programmes for training, capacity building and entrepreneurship development have been given a fillip and about 1,24,000 youth have benefitted from the same during the current year, so far. Seven schemes have been simplified with

the introduction of online submission of application forms. These efforts will continue in the coming months.

5. **Budget announcements:** The announcements made in the Budget are being pursued with vigor.

5.1 We are told that the Venture Capital Fund for MSMEs will receive its funding in the form of loans from RBI, based on shortfalls in priority sector lending. The Ministry has been working closely with the Department of Financial Services to set up a framework for the operationalization of this fund which we hope to complete by the end of October 2014.

5.2 We have also proposed to the Ministry of Finance, the composition of the Committee on the financial architecture for MSMEs.

5.3 Job creation for youth and making them industry ready is the mandate of our Ministry. We will be setting up District Incubation Centres which will create jobs at the local level by providing integrated support for entrepreneurship development. The Ministry also had detailed consultations with different Ministries and Departments namely, Ministries of Food Processing Industries, Textiles, Science & Technology, Rural Development, Bio Technology, Agriculture and Department of Electronics and Information Technology to operationalize a Rs.200 crore Fund for Technology Centre Network, Innovation, Entrepreneurship and Agro Industries. A scheme in this regard would be finalized by October 2014.

5.4. A proposal for change in the definition of MSME is being finalized in consultation with all stakeholders.
