

## Government Policy Initiatives for MSMEs

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### **Abstract:**

*Micro, Small and Medium Enterprises (MSMEs) play a very significant role in the balanced and sustainable growth of the economy. The MSMEs constitute over 90% of total enterprises in most of the economies. The contribution of MSMEs to country's industrial production, GDP, employment generation, creation of entrepreneurial base, poverty alleviation and exports is quite significant. Recognizing the importance of MSMEs, the Government of India has been implementing several schemes and programmes for the promotion and development of these enterprises in the field of credit, technological up gradation, legal or regulatory framework, marketing, infrastructure development, entrepreneurship, skill development etc. This paper is an attempt to know the initiatives taken by the Government of India to encourage and promote MSMEs.*

**Key words:** Credit, Entrepreneurship Development, MSMEs, MSMED Act, Ministry of MSME.

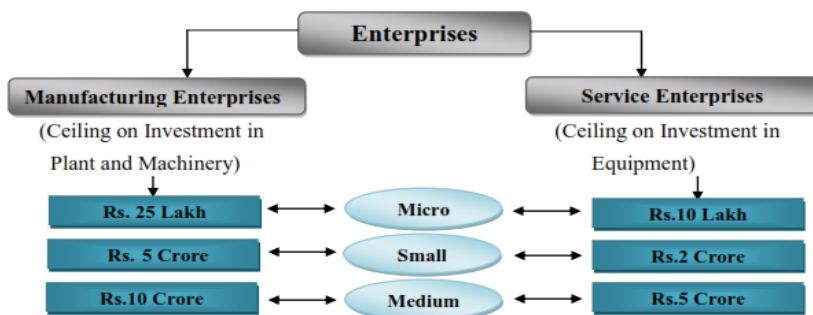
## **Introduction**

The Small Scale Industries (SSIs) have been renamed as Micro, Small and Medium Enterprises (MSMEs) with the introduction of MSMED (Micro, Small and Medium Enterprises Development) Act, 2006. The MSME has often been termed as 'engine of growth' for all developing economies including India. MSMEs have been playing a vital role in overall economic development of a country like India where millions of people are unemployed or underemployed and facing the problems of poverty. MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in the industrialization of rural and backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. The labour intensity of the MSME sector is much higher than that of the large enterprises. They are complementary to large industries as ancillary units. The MSMEs constitute over 90% of total enterprises in most of the economies. This sector contributes about 8 per cent of the GDP of India, 45 percent of the manufactured output and 40 per cent of its exports. They provide employment to over 60 million persons through more than 26 million enterprises. In recent years, the MSMEs has consistently registered higher growth rate compared to the overall industrial sector.

## **Definitions of Micro, Small and Medium Enterprises**

In accordance with the provision of MSMED Act, 2006, the MSMEs are classified into two categories based on their Investment in plant and machinery and Investment in

equipments.



Source: As per Micro, Small and medium Enterprises Act, 2006

## Policy Initiatives of the Ministry of MSME, Government of India in Recent Years

Some of the policy initiatives taken by the Government of India to encourage and promote micro, small and medium enterprises are:

### 1. Promulgation of MSMED Act, 2006

In a significant policy initiative, the Government has enacted 'Micro, Small and Medium Enterprises Development Act, 2006' on June 16, 2006 to facilitate the promotion and development and enhance the competitiveness of MSMEs. This Act came into force from 2<sup>nd</sup> October 2006, fulfilled a long-cherished demand of MSME sector. Apart from giving legal strength to the definitions of MSMEs, this act also contains penal provisions relating to the delayed payment to these enterprises.

### 2. Khadi and Village Industries Commission (KVIC) Act, 1956

This Act has been comprehensively amended in 2006, introducing several new features to facilitate professionalism in the operations of the Commission as well as field-level formal and structured consultations with all segments of stakeholders. A new Commission has also been constituted in November, 2011.

### **3. Prime Minister's Employment Generation Programme**

A national level credit linked subsidy scheme namely, 'Prime Minister's Employment Generation Programme (PMEGP)' was introduced in August 2008 by merging erstwhile Prime Minister's Rozgaar Yojana (PMRY) and Rural Employment Generation Programme (REGP) schemes of MSME Ministry. Under this programme, financial assistance is provided for setting up of micro enterprises each costing up to `10 lakh in the service sector and `25 lakh in the manufacturing sector. The assistance is provided in the form of subsidy up to 25% (35% for Special category including weaker sections) of the project cost in rural areas while it is 15% (25% for Special category including weaker sections) of the project cost in urban areas. During 2012-13, disbursements were made to 56,997 cases utilizing `1,078.61 crore as margin money subsidy. The estimated employment generation is 4.28 lakh persons. An amount of `1,418.28 crore including `1,380 crore margin money subsidy has been provided in BE 2013-14.

### **4. Procurement Policy for MSEs**

The Government of India has notified Public Procurement Policy for MSEs in March 2012. The policy mandates that every Central Ministry/PSU (Public Sector Undertaking) shall set an annual goal of procurement from the MSE sector from the financial year 2012-13 and onwards, with the objective of achieving an overall procurement of minimum 20% of the annual purchases of products produced and services rendered by MSEs, in a period of three years. The policy also earmarked a sub target of 4% procurement, out of the 20% from MSEs owned by SC/ST entrepreneurs. The policy will help to promote MSEs by improving their market access and competitiveness through increased participation by MSEs in Government purchases and encouraging linkages between MSEs and large enterprises.

## **5. Prime Minister's Task Force on MSMEs**

A Task Force under the chairmanship of the Principal Secretary to Prime Minister was constituted on 2<sup>nd</sup> September 2009 to address the issues of MSME sector. The Task Force, in its Report, has made recommendations in the areas of credit, infrastructure, technology, labour, rehabilitation and exit policy, skill development, marketing, taxation and development of MSMEs in the North-East and Jammu & Kashmir. For ensuring timely and speedy implementation of the recommendations of the Task Force and follow-up on the decisions of the Prime Minister's Council on MSMEs, a Steering Group has also been constituted under the chairmanship of the Principal Secretary to Prime Minister.

## **6. 4<sup>th</sup> All India Census of MSMEs**

The 4<sup>th</sup> All India Census of MSMEs (2006-07) was launched in May 2008, and report of the census was released during 2011-12. The results revealed that there are 36.2 crore MSMEs in 2006-07, providing employment to over 80 crore persons. This is the first Census after the enactment of the MSMED Act, 2006 and includes medium enterprises for the first time.

## **7. Enhanced Credit Flow to the MSE Sector**

For strengthening the delivery of credit to the MSEs, the Government of India announced a 'Policy Package for Stepping up Credit to Small and Medium Enterprises' in August 2005, for doubling the credit flow to this sector within a period of five years. This has resulted in a significant increase in the credit flow from Public Sector Banks (PSBs) to the MSE sector - with the outstanding credit of PSBs increasing from `1,02,550 crore at the end of March 2007 to `2,78,398 crore at the end of March 2010. It has further increased to `3,96,343 crore at the end of March 2012. With constant monitoring and efforts made by the Government, the credit flow from PSBs to the MSE sector has registered a growth of 47.4%, 26.6% and 45.4% during 2007-08, 2008-09 and 2009-10 respectively – higher than the stipulated

20% in the Policy Package. The growth of credit flow to the MSE sector during 2011-12 and 2012-13 has been 5% and 25% respectively.

### **8. Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGFSMSE)**

The Government of India launched this scheme in August 2000 with the objective of making available credit to micro and small enterprises, particularly micro enterprises, for loans up to ₹100 without collateral/third party guarantees. The scheme is being operated through the credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) set up jointly by the Government of India and Small Industries Development Bank of India (SIDBI). The guarantee cover provided is up to 75% of the credit facility up to ₹50 lakh (85% for loans up to ₹5 lakh provided to micro enterprises, 80% for MSEs owned/operated by women and all loans to North Eastern Region) with a uniform guarantee at 50% of the credit exposure above ₹50 lakh and up to ₹100 lakh. A composite all-in annual guarantee fee of 1.0% per annum of the credit facility sanctioned (0.75% for credit facility up to ₹5 lakh and 0.85% for above ₹5 lakh and up to ₹100 lakh for women, micro enterprises and units in North Eastern Region including Sikkim) is now being charged. As a result, this scheme has been able to overcome the initial inhibition of bankers and is steadily gaining in acceptance. The corpus of CGTMSE is contributed by the Government of India (GOI) and SIDBI in the Ratio of 4:1. The corpus of CGTMSE has been increased to ₹2,295.30 crore with the contribution of ₹1,836.24 crore from the Government of India and ₹459.06 crore from SIDBI. This includes ₹74.99 crore released as GOI contribution during 2013-14.

### **9. National Manufacturing Competitiveness Programme**

Providing competitive edge to the units in the MSME sector in the global environment has been one of the important

cornerstones of the policies being pursued by the Government for sustenance of the sector. With a view to build the capacity of the Indian micro, small and medium manufacturing enterprises for overcoming competition in the global markets and facing challenges being posed by the entry of the multinationals in the domestic markets, the Ministry of MSME is implementing the National Manufacturing Competitiveness Programme (NMCP). The objective of NMCP is to ensure healthy growth of the MSME Manufacturing Sector. There are various components of NMCP which address the entire gamut of manufacturing in the sector. The components of the NMCP are shown in the following Table.1:

**Table.1 Components of NMCP**

Sl. No.	Components with short name
1.	Support for Entrepreneurial and Managerial Development of SMEs through Incubator (INCUBATOR)
2.	Building Awareness on Intellectual Property Rights (IPRs)
3.	National Programme for Application of Lean Manufacturing (LEAN)
4.	Enabling Manufacturing Sector to be Competitive through Quality Management Standards and Quality Technology Tools (QMS/QTT)
5.	Technology Upgradation and Quality Certification Support to SMEs (TEQUP)
6.	Marketing Assistance for SMEs and Technology Upgradation Activities (MARKETING)
7.	Design Clinic Scheme to bring Design expertise to the Manufacturing Sector (DESIGN)
8.	Promotion of ICT in Indian Manufacturing Sector (ICT)
9.	Mini Tool Room (since discontinued)
10.	Bar Code (Merged with MDA Scheme)

Source: Annual Report (2013-14), Ministry of MSME, Government of India

## **10. Micro and Small Enterprises Cluster Development Programme (MSE-CDP)**

A cluster is a group of enterprises located within an identifiable and as far as practicable, contiguous area and producing

same/similar products/services. The cluster development aims at enhanced competitiveness, technology improvement, adoption of best manufacturing practices, employment generation and marketing of products etc. The MSE-CDP is being implemented for holistic and integrated development of MSEs in clusters through Soft Interventions (such as capacity building, export promotion, skill development, technology up gradation, marketing development, organizing workshops, seminars, training, exposure visits, study visits etc.), Hard Interventions (setting up Common Facility Centres) and Infrastructure Development (create or upgrade infrastructural facilities in the new or existing industrial areas or clusters of MSEs). Assistance is provided for the following activities under the scheme:

- i. Preparation of Diagnostic Study Report with Government of India grant of maximum `2.50 lakh.
- ii. Soft Interventions with GOI grant of 75% of the sanctioned amount of the maximum project cost of `25 lakh per cluster. For NE and Hill States, Clusters with more than 50% micro/village/women owned/SC/ST units, the GOI grant will be 90%.
- iii. Detailed Project Report (DPR) with GOI grant of maximum `5.00 lakh for preparation of a technically feasible and financially viable project report.
- iv. Hard Interventions in the form of tangible assets like Common Facility Centre having machinery and equipment for critical processes, testing, research and development etc. with GOI grant up to 70% of the cost of project of maximum `15.00 crore. For NE and Hill States, Clusters with more than 50% micro/village/women owned/SC/ST units, the GOI grant will be 90%.
- v. Infrastructure Development with GOI grant of up to 60% of the cost of project of `10.00 crore, excluding cost of land. GOI grant will be 80% for projects in



NE and Hill States, industrial areas/estates with more than 50% micro/women owned/SC/ST units.

- vi. The GOI assistance shall also be available to Associations of Women Entrepreneurs for establishing exhibition centres at central places for display and sale of products of women owned micro and small enterprises @ 40% of the project cost.

A total of 921 interventions in various clusters spread over 28 States and 1 Union Territories (UTs) in the country have so far been taken under the programme for Diagnostic Study, Soft Interventions and hard Interventions and 170 projects have been taken up for infrastructure development under the scheme.

### **11. Technology Centre Systems Programme (TCSP)**

The Ministry of MSME, Government of India have established 18 Technology Centres (TCs) earlier known as Tool Rooms (10 Nos) and Technology Development Centres (8 Nos) spread across the country. The Technology Centres' primary focus is to support industries particularly MSMEs in the country through access to advanced technologies and providing technical advisory support as well as skilled manpower by offering opportunities for technical skill development to the youth at varying levels ranging from School Dropouts to Graduate Engineers.

### **12. Credit Linked Capital Subsidy Scheme (CLCSS)**

The Ministry of MSME is operating a scheme namely Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation of MSEs. The scheme aims at facilitating technology up gradation of MSEs by providing 15% Capital Subsidy (limited to maximum ` 15.00 lakh) for the purchase of plant and machinery. Maximum limit of eligible loan for calculation of subsidy under the scheme is ` 100.00 lakh. Presently, more than 1500 technologies under 51 products/ sub-

sectors have been approved under the scheme. Since inception of the scheme, 28,287 units have availed subsidy of `1,619.32 crore till 31.03.2014.

### **13. Entrepreneurship and Skill Development**

The Ministry of MSME has been undertaking a number of programmes for encouraging entrepreneurship and skill development amongst youth to fulfil the need of skilled manpower by the industry. These programmes are conducted through a nationwide network of establishments under office of the Development Commissioner, MSME, Khadi and Village Industries Commission (KVIC), National Small Industries Corporation (NSIC), Coir Board and various other organizations under the Ministry. The training programmes conducted by various organizations of the Ministry cater to all strata of the society as per their need, covering traditional/rural industries based programmes for the lower rung of the society, to the high end, high tech training programmes, such as conventional manufacturing, CAD (Computer Aided Design)/CAM (Computer Aided Manufacturing), Tool design, CNC (Computer Numerical Control), Mechatronics etc., conducted by Technology Centres of the office of Development Commissioner, MSME, catering to the need of highly skilled people in present day modern Industries. Apart from other programmes, Ministry is also promoting self-entrepreneurship by providing training on entrepreneurship and subsidy on loan to the unemployed youth in the country under Prime Minister's Employment Generation Programme (PMEGP) creating lakhs of employment opportunities. To improve the quality of training, strategies like, real time online monitoring, standardization of course curriculum, up gradation of workshops and focus on workshop based courses have been adopted by the Ministry. Through Entrepreneurship/Skill Development Programmes conducted by various organizations of Ministry of MSME, about 16.87 lakh persons were trained during XI<sup>th</sup> Plan period. The Ministry has fixed a target to train

42.65 lakh persons during XII<sup>th</sup> Plan period through various schemes being implemented by various organizations under the Ministry.

#### **14. Rajiv Gandhi Udyami Mitra Yojana (RGUMY)**

The scheme aims to provide handholding support and assistance to the potential first generation entrepreneurs, who have already successfully completed the Entrepreneurship Development Programme (EDP)/Skill Development Programme (SDP)/Entrepreneurship-cum-Skill Development Programme (ESDP) of at least two weeks' duration, or have undergone vocational training (VT) from ITIs (Industrial Training Institutes). One of the main objectives of handholding is to guide and facilitate the potential entrepreneurs in dealing with various procedures and legal hurdles and completion of various formalities required for setting up and running of the enterprise. As a component of this scheme, the Ministry has launched a Call Centre for MSMEs known as 'Udyami Helpline'. The Udyami Helpline provides basic information about various promotional schemes of the Government, procedural formalities required for setting up and running the enterprises and how to access credit from Banks etc.

#### **15. Performance and Credit Rating Scheme**

To sensitize the MSE sector on the need for credit rating and encourage the MSEs to maintain a good financial track record enabling them to earn higher rating for their credit requirements, the Government of India in April 2005 launched the Performance and Credit Rating Scheme'. National Small Industries Corporation (NSIC) is implementing this scheme for MSMEs which is being operated through 7 accredited rating agencies, viz. CARE, CRISIL, FITCH, ICRA, ONICRA, Dun & Bradstreet and SMERA. The ministry of MSME subsidizes the cost of rating by sharing 75% of the fee charged by the Rating Agency, subject to a ceiling of `40,000.

## **16. National Small Industries Corporation**

This scheme was established in 1955 by the Government of India with a view to promote, aid and foster the growth of MSMEs in the country. NSIC continues to remain at the foremost of industrial development throughout the country with its various programmes and projects to assist the MSMEs in the country. The main functions of the NSIC are to promote aid and foster the growth of micro and small enterprises in the country, generally on a commercial basis. It provides a variety of support services to micro and small enterprises by catering to their different requirements in the areas of raw material procurement, product marketing, credit rating, acquisition of technologies, adoption of modern management practices etc.

## **17. Khadi Reform Development Programme (KRDP)**

In order to revitalise and reform the traditional khadi sector with enhanced sustainability of khadi, increased artisans welfare, increased incomes and employment opportunities for spinners and weavers with less dependence on government grants, a Khadi Reform and Development Programme was formulated by the Ministry of MSME in consultation with KVIC, Asian Development Bank (ADB), Department of Economic Affairs (DEA) and Price Waterhouse Coopers (PWC). This programme is proposed to be implemented in 300 selected khadi institutions willing to undertake the identified reforms. The DEA has arranged a sum of US\$ 150 million, equivalent to `717 crore (approx.) from ADB to be given to KVIC as grant in four tranches over a period of 36 months. After completion of procedural formalities and signing of necessary agreement and announcement by ADB, the first tranche of `96 crore was released to KVIC in February, 2010. 'Khadi Mark', a mark to establish genuineness of Khadi was launched in September 2013 under the KRDP.

### **18. Market Development Assistance (MDA) Scheme**

For promoting the sale of khadi and polyvastra, the Government of India, through KVIC, used to provide subsidy in the form of rebate on seasonal sale which used to be passed to the consumers. However, it was observed that artisans, who are the backbone of Khadi activities, were not extended any benefit from this and Khadi outlet also were not able to attract buyers due to inadequate quality design and unattractive look of the outlets and inadequate marketing support. To rectify these deficiencies, KVIC introduced a flexible, growth stimulating and artisan-centric Market Development Assistance Scheme for Khadi and Polyvastra in place of the Rebate Scheme with effect from April 1, 2010 for implementation during two terminal years of Eleventh Five Year Plan, i.e. 2010-11 and 2011-12. This scheme envisaged financial assistance (i.e. MDA) @20% on value of production of khadi and polyvastra which will be shared among artisans, producing institutions and selling institutions in the ratio of 25:30:45. MDA provides flexibility or freedom to the khadi institutions to take innovative measures to improve its marketing infrastructure such as renovation of outlets, computerization of sales, training of artisans, training sales persons, design improvement, publicity, discount to customers, improved equipments of production and capacity building so that khadi can attract more customers not just because of the discount, but because of its quality design and appeal. Most importantly, for the first time a definite share of 25% of MDA has been earmarked for spinners and weavers which will give them a prominent role in the entire khadi chain of activities. An amount of `126.94 crore has been released to KVIC during 2013-14 towards MDA.

### **19. Workshed Scheme for Khadi Artisans**

In order to facilitate and empower khadi artisans to chart out a sustainable path for growth, income generation and better work environment and to enable them to carry out their spinning and weaving work effectively, Workshed Scheme for Khadi Artisans

was introduced in 2008-09. Under this scheme, financial assistance is provided for construction of Worksheds for khadi artisans belonging to BPL category through the Khadi Institutions with which the khadi artisans are associated. Financial assistance of `8.23 crore for establishment of workshed has been provided to 4,444 artisans in 2013-14.

## **20. Scheme for Enhancing Productivity and Competitiveness of Khadi industry and Artisans**

This scheme aims at making Khadi Industry more competitive with more market driven and profitable production by replacement of obsolete and old machinery and equipment. The Government introduced this scheme through KVIC with effect from July 2008. The scheme provides financial assistance to 200 of the 'A+' and 'A' category khadi institutions of which 50 institutions are those which are managed exclusively by beneficiaries belonging to SC/STs.

## **21. Scheme for Rejuvenation, Modernisation and Technological Up gradation of Coir Industry**

Under the scheme being implemented since 2007-08, assistance is provided to spinners and tiny household sector for replacement of outdated ratts/looms and for constructing worksheds so as to increase production and earnings of workers. Year wise details of grants released by the Ministry and units assisted during XI Plan are as under:

**Table.1 Details of Grants released by the Ministry of MSME and Units assisted from 2007-08 to 2013-14**

<b>Year</b>	<b>Grants received from M/o MSME ( In Crore)</b>	<b>Grants released to banks ( In Crore)</b>	<b>No. of Units assisted</b>
2007-08	9.00	8.80	669
2008-09	21.30	19.90	1389
2009-10	9.73	9.73	706
2010-11	14.03	13.91	1200
2011-12	10.00	2.04	170

2012-13	7.48	7.60	976
2013-14	6.59	6.10	207
<b>Total</b>	<b>78.13</b>	<b>68.08</b>	<b>5317</b>

Source:[http://www.msme.gov.in/WriteReadData/DocumentFile/MSME\\_2014.pdf](http://www.msme.gov.in/WriteReadData/DocumentFile/MSME_2014.pdf)

The above table shows that the funds received from Ministry of MSME increased from ` 9 crore in 2007-08 to ` 21.30 crore in 2008-09. It declined to ` 6.59 crore in 2013-14. The grants released to banks also increased from ` 8.8 crore in 2007-08 to ` 19.90 crore in 2008-09. But it declined to ` 6.10 crore in 2013-14. The total numbers of units assisted were 669 in 2007-08 which increased to 1,389 in 2008-09 but declined to 207 in 2013-14.

## **22. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**

This scheme was launched in 2005 for generation of traditional industries identified clusters in khadi, village industries and coir sectors with a view to make these industries more productive and competitive and to increase the employment opportunities in rural and semi-urban areas. 29 khadi, 47 village industries and 20 coir clusters have been developed by providing them with improved equipment, common facilities centres, business development services, training, capacity building and design and marketing support etc.

## **23. Mahatma Gandhi Institute for Rural Industrialization (MGIRI)**

The national level institute named MGIRI has been established at Wardha, Maharashtra as a society under the Societies (Registration) Act, 1860 for strengthening the R & D activities in Khadi and Village Industry (KVI) Sector. The main objectives of the institute are as under:

- To accelerate rural industrialization for the sustainable village economy so that KVI sector co-exists with the main stream.

- To attract professionals and experts to Gram Swaraj
- To empower traditional artisans
- Innovation through pilot study or field trials
- R & D for alternative technology using local resources.

#### **24. National Board for MSMEs**

The Government of India has set up for the first time, a Statutory National Board for MSMEs so as to bring together the representatives of different sub-sectors of MSMEs, along with policy-makers, trade unions, bankers and others- in order to move towards cohesive development of the sector. The Board has been reconstituted on 27<sup>th</sup> May 2013. The deliberations and directions of the National Board pave the way to guide and develop enterprises in this sector- to become more competitive and self-reliant.

#### **25. Union Budget 2013-14 and MSME Sector**

Hon'ble Union Finance Minister, while presenting Union Budget 2013-14 to the parliament, made the following announcements specifically for MSME sector:

- MSMEs have a large share of employment, production and exports. Too many of them do not grow because of the fear of losing the benefits associated with staying small or medium. To encourage them to grow, the benefits or preferences enjoyed by them will now stay with them up to three years after they grow out of the category in which they obtained the benefit. To begin with, the non-tax benefits would be made available to MSME units for three years after it graduates to a higher category.
- To provide greater support to MSMEs, the refinancing capability of SIDBI has been enhanced from the current level of `5,000 crore to `10,000 crore per year.



- SIDBI has set up the India Microfinance Equity (IME) Fund in 2011-12 with budgetary support of `100 crore to provide equity and quasi-equity to Micro Finance Institutions (MFIs). An amount of `104 crore has been committed to 37 MFIs. Earlier `100 crore were allocated to the IME Fund in the budget and now another sum of `100 crore has been provided in present budget for the fund.
- The Factoring Act, 2011 has been passed by Parliament. A provision of a corpus of `500 crore to SIDBI has been made in the present budget to set up a Credit Guarantee Fund for factoring.
- Tool Rooms and Technology Development Centres set up by the Ministry of MSMEs have done well in extending technology and design support to small businesses. Finance Minister has proposed to provide, with World Bank assistance, a sum of `2,200 crore during the 12<sup>th</sup> Plan period to set up 15 additional Centres.
- Incubators play an important role in mentoring new businesses which start as a small and medium business. The new Companies Bill obliges companies to spend 2 percent of average net profits under Corporate Social responsibility (CSR). The Ministry of Corporate Affairs will notify that funds provided to technology incubators located within academic institutions and approved by the Ministry of Science and Technology or Ministry of MSME will qualify as CSR expenditure.

## **26. Launch of MSEM Virtual Clusters**

The Ministry of MSME launched a virtual network wherein different clusters of MSMEs can connect on a common platform and share information to help them expand their businesses. The Virtual Cluster Approach overcomes the limitations of the Physical Approach requiring the location of the units in one

geographical area besides substantial resources for creation of infrastructure. Virtual Clusters conceived as supplementing Physical Clusters, is a dedicated Web-portal which will enable the small businesses located anywhere in the country as well as the other stakeholders, Banks and other financial institutions, Central, State and other Government bodies, Industry Exports, NGOs, Academia, Consultants and trainers, Research and Technical Institutions etc. to register instantly thereon and avail prompt linkages with each other. This web-platform would facilitate the stakeholders to leverage the expertise of each other for their mutual growth and benefit. The web portal would be administered by the National Institute for Entrepreneurship and Small Business Development (NIESBUD), an organization of the ministry of MSME.

### **27. Inter-Ministerial Committee for Accelerating Manufacturing in MSME**

This Committee was set up under the Chairmanship of Secretary, MSME. The Committee submitted its report in September, 2013. This has made a number of recommendations covering issues of regulation, infrastructure, finance, technology and market through the different stage of the life cycles of MSMEs.

### **Conclusion**

MSMEs play a very significant role in the balanced and sustainable growth of the economy. The contribution of MSMEs to country's industrial production, GDP, employment generation, creation of entrepreneurial base, poverty alleviation and exports is quite significant. Recognizing the importance of MSMEs, the Government of India has been implementing several schemes and programmes for the promotion and development of these enterprises in the field of credit, technological up gradation, legal or regulatory framework, marketing, infrastructure development, entrepreneurship, skill

development etc. But most of the MSMEs are unaware of these schemes/programmes and are not able to avail the facilities provided by the Government of India. Therefore, it is also important for the beneficiaries i.e. the MSMEs to be made aware of the facilities/concessions/incentives available to them. Hence, awareness campaigns are needed to help MSMEs to adopt such programmes/schemes to enhance their growth.

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