

Small Enterprise India Information Desk



India MSMEs have more than one reason to smile. The government's move to further leverage the MSME growth in the country, by the increase in allocation for the Micro, Small and Medium Enterprises (MSMEs) sector to the tune of over Rs 600 crore to Rs 2,400 crore for 2010-11, is a significant step that will boost the MSME growth factor in India .

MSMEs, which employs about 60 million people and contributes about 40 per cent to India's overall exports, were badly hit by the global slump in demand.

Government of India has been rendering yeomen service and sincere efforts to provide an extra fillip to the growth curve of Indian MSME sector. Government's initiatives to come up with more Special Economic Zones (SEZs) in various parts of the country, to instil confidence among the investors are highly recommendable.

According to the reports published in economic think tank, Centre for Monitoring Indian Economy (CMIE), the industrial production in India is all set to grow by a whopping 9.2 percent in 2010-2011. It also states that the industry is believed to continue on its high growth trajectory in 2010-11, backed by a healthy rise in the consumption and the investment demand.

Finance Minister Pranab Mukherjee said that he proposed to raise the allocation for this sector from Rs 1,794 crore to Rs 2,400 crore for the year 2010-11.

Prime Minister Manmohan Singh in 2009 had constituted a high level task force to suggest an action plan to help the MSME sector ride out of the global slowdown.

The report which was submitted to the PM by the task force which, among other things, has recommended extension of the stimulus package specific to the sector for one more year, besides calling for an easy procurement policy and creating a separate fund for the industry.

The MSME Ministry had sought Rs 5,000-Rs 5,500 crore over the next three years to implement the recommendations of the task force. There are 26 million MSMEs in the country, contributing about 45 per cent to India's total manufactured output.