Atmanirbhar Bharat
The Road Ahead
5 Pillars of Self-Reliant India

Pillar -1

Economy: Quantum jumps, not incremental changes
Infrastructure: One that represents modern India
System: Technology driven
Demography: Vibrant demography of the largest democracy
Demand: Full utilisation of power of demand and supply
Outline of the Presentation

- Introduction
- Challenges
- Sector wise contribution to GDP
- Sector wise contribution to Export
- Gross value addition sector wise
- Conclusion
- Actionable Points
INTRODUCTION

- MSMEs have played a very significant role in Indian economy.
- There are nearly 6.33 crore MSMEs employing close to 11 crores people.*
- *Engine of Growth* as it’s being the second largest employment provider, accounts for 29.7% of GDP and 49.66% of Indian exports.**

* Source: Min of MSME Annual Report (2018-19)

** Source: PIB : Press release dated: December 2,2019
Challenges of MSMEs & their Possible remedies

LACK OF ADEQUATE AND TIMELY ACCESS TO FINANCE

Access to finance continues to remain the biggest challenge for MSMEs and has constrained their growth.

Possible Remedy

- Norms for Priority Sector Lending (PSL) for MSMEs should be defined
- Long term loan (tenure of 15-20 years) at subsidized rates like that of home loans should be made available for MSMEs.
- Corpus funds may be created for providing special loan for Technology up-gradation in all sectors on lines of “SPEED” scheme of SIDBI.
STAGNATE CASH FLOWS

MSMEs are facing problems of cash flow due to delay in payment from the buyers (CPSU, SPSU and Buyer)

Possible Remedy

- Emergency Credit Line as launched under Atmanirbhar Bharat Package to be continued to overcome urgent cash flow need of good borrower.

- Action on “SAMADHAN” Portal should be time bound.
HIGH COST OF PRODUCTION

MSMEs faces the problem of relatively high cost of production due to low scale of production, wastages, untrained manpower and lower scale of automation.

Possible Remedy

- High-end technology of global standards may be provided at subsidized rates to the MSMEs through Schemes like CLCSS.
- Adoption of LEAN Manufacturing, ZED Certification should be encouraged in MSMEs through the Vender Development Programme

15 July 2020

MSME-DI Jaipur, O/o the DC (MSME), Ministry of MSME
LACK OF SPECIFIC FISCAL POLICY:

The taxation and revenue policies of Government are same for Large and MSME units which do not provide a level playing ground to MSMEs. Further, many MSMEs crumble due to compliance burden of some of the government regulations.

Possible Remedy

List of legal compliance should be reviewed to bring “Ease of doing business” keeping in focus MSMEs.
LACK OF VALUE ADDITION IN RURAL- AGRO BASED INDUSTRIES

Agro-based industries are not focusing on value addition at farm level due to poor infrastructure in rural areas.

Possible Remedy

- To minimize the cost of logistic /transportation agro based processing units to be developed & promoted in rural area or nearby farm.
- Govt schemes/ Incentives should be given for setting up of such plants like warehouse, grading & packaging, bulk milk chillers, solar plant, herbal extraction- distillation etc.
Sector wise GDP Contribution

<table>
<thead>
<tr>
<th>Sector</th>
<th>Taxpayer Base</th>
<th>Contribution in GST Revenuwe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership</td>
<td>10.78</td>
<td>7.35</td>
</tr>
<tr>
<td>Public Sector Undertaking</td>
<td>0.02</td>
<td>9.12</td>
</tr>
<tr>
<td>Proprietary</td>
<td>13.35</td>
<td></td>
</tr>
<tr>
<td>Private Limited Company</td>
<td>5.87</td>
<td>27.51</td>
</tr>
<tr>
<td>Public Limited Company</td>
<td>0.62</td>
<td>35.29</td>
</tr>
<tr>
<td>Others</td>
<td>2.54</td>
<td></td>
</tr>
</tbody>
</table>

Source: GST Council Statistical Report for 3 year (July 17 to March 2020)
### All India Exports Value from MSMEs cross 11 lakh crore in 2019-20

<table>
<thead>
<tr>
<th>Description</th>
<th>Value (Rs in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016-17</td>
</tr>
<tr>
<td>Export of MSME related products</td>
<td>9,18,861</td>
</tr>
<tr>
<td>All India Export</td>
<td>18,49,434</td>
</tr>
<tr>
<td>% Share</td>
<td>49.68</td>
</tr>
</tbody>
</table>

Source: DGCIS

### MSMEs contribute to 30% of GDP

<table>
<thead>
<tr>
<th>Share of MSME in all India GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
</tr>
<tr>
<td>2016-17</td>
</tr>
<tr>
<td>2017-18</td>
</tr>
<tr>
<td>2018-19</td>
</tr>
</tbody>
</table>

Source: CSO, M/o Statistics and Programme Implementation
Gross value addition: sector-wise

2018-19 (Percentage)

- Agriculture: 16.1%
- Industries: 29.6%
- Services: 54.3%

Source: Economic Survey (2019-20)
CONCLUSION

- Mature entrepreneurs should be attracted in selected rural/sub-urban area to make that area self reliant in all aspects.

- There is urgent need to announce special incentives and policies for such model areas.
ACTIONABLE POINTS

To create awareness on sector wise Export promotion, involvement of officials from Agricultural & Processed Food Products Export Development Authority (APEDA) for Agro produces, Directorate General of Foreign Trade (DGFT) for Exports, DGTR for Trade Remedies, whenever workshops are conducted by MSME-DIs. Atleast One Seminar by each DI to be organised before 31-12-2020

Action by: AIA/All Director/Director- I/c, MSME-DIs