

MSME ministry asks for fivefold hike in outlay

fe Bureau

New Delhi, Jan 29: The ministry of micro, small and medium enterprises (MSME) has sought a five-time increase in budgetary support for the 12th Five Year (2012-2017) Plan. In a letter to the Planning Commission, the ministry has asked for ₹64,790 crore against the figure of ₹11,500 crore allocated in the current Plan ending March.

Of this, the biggest investment would be on credit and finance. The ministry plans to invest ₹19,450 crore on enhancing the finance and credit for the sector. "Easy financing is one of the major issues with MSMEs. With the uncertainty over interest rates, it is even more important to ensure that the MSMEs have easy access to credit at lower cost.

"That is why, we will invest the most in this area," said an MSME ministry official.

The ministry also proposes to invest ₹14,800 crore for the

THE MINISTRY PLANS TO INVEST ₹19,450 CR TO ENHANCE THE FINANCE AND CREDIT FOR THE SECTOR. IT WILL ALSO INVEST ₹14,800 CR IN KHADI & VILLAGE INDUSTRIES

development of khadi and village industries and ₹11,360 crore for infrastructure development. There are 26 million units in the MSME sector that contributes around 40% of the total exports from the country. The government has also approved the procurement policy under which 20% of the procurement by government enterprises would from the MSME only. The sector, though, has been growing constantly, poor infrastructure, unavailability of land have slowed it.

The ministry official said there was an immediate need to set up training, testing centres, tool rooms for various units which would require huge investment. "Other areas of focus are technology,

marketing, skill development. We plan to spend over 2,000 crore on skill development and ₹3,600 for marketing," he said.

Under skill development, the ministry plans to train 42 lakh people in the next five years. It will tie up various universities to provide courses related to MSME.

The ministry's proposal, however, may be difficult for the government to meet as it tries to strike a balance among various schemes.

"Such a huge increase would mean that the government will have to diversify funds from other schemes. So far, nothing has been finalised," said a planning commission official on the condition of anonymity.