

Speech of His Excellency the Governor of Jharkhand on the occasion of inauguration of All India Conference of Micro & Small Industries of Laghu Udyog Bharti on 11th September 2009 at Ranchi Club.

Shri Dinsha Patel, Union Minister of State for Micro, Small and Medium Enterprises (MSME), Shri Arjun Munda, MP and Former Chief Minister of Jharkhand, Mr. Dinesh Ray, Secretary, MSME, Government of India, Mr. Madhav Lal, Development Commissioner, MSME, Government of India, Mr. N .N. Sinha, Secretary, Industries Jharkhand, Office bearers and members of Laghu Udyog Bharti, Representatives of Government, Industries, Media, Ladies & Gentlemen,

It gives me great pleasure to inaugurate this All India Conference of Micro & Small Industries under the auspices of Laghu Udyog Bharati which is the recognized Apex Body of Micro, Small and Medium Enterprises (MSME).

World over, Micro and Small Enterprises are recognized as important constituents of the national economy, contributing significantly to employment generation and poverty alleviation. It is well recognized that small units are less capital intensive and generate more employment. Their role in nation building may be assessed from the fact that MSME have 40% share in industrial output and produce over 8000 value added products. MSME sector also contributes nearly 35% in direct export and 45% in the overall export from the country and provides employment to 28.28 million people and constitutes more than 80% of total number of industrial enterprises in India. MSMEs of today will be large corporate of tomorrow.

I am aware that Micro and Small Enterprises operate in an extremely challenging environment and face serious problems in the area of credit and marketing. To support MSMEs some of the measure taken by the Government and RBI include product reservation, fiscal concessions, preferential allocation of credit and regulated rate of interest & launching of credit guarantee trust for Micro & Small

Enterprises. Small Industries Development Bank of India (SIDBI) has been setup in April 1990 as the principal financial institution for promotion, financing and development of small enterprise sector. Department of Industries, Government of Jharkhand is working for a new Industrial Policy and till it is announced, the existing policy has been extended upto March 2010. Government of India too have announced National Manufacturing Competitiveness Programme to facilitate healthy growth of MSME Sector.

I am aware that SMEs diffuse the benefit of industrialization to neglected regions, communities and sectors and hence have a distributive function as well. Keeping in this view my government is keenly interested in promotion of the SMEs along with the large industries. Jharkhand Government have issued a purchase policy that provides for reservation of notified items to manufacturers in Jharkhand. The SMEs get a price preference over large industries. We have also issued instructions for implementation of Micro, Small, Medium Enterprises Development Act, 2006 including the setting up of the Facilitation Council to resolve the disputes in payment. Our Govt. is working with the Banks to promote credit flow to the SMEs through various forums including the restructuring of accounts to counteract the economic slowdown. We are also promoting clusterization of industries so that collectively economies of scale are achieved.

We also want to increase the number of industrial areas and parks so that more & more units could be set up. We would ideally like to have at least one industrial/growth center in all the districts. We would also like to see that more encouragement is provided to SMEs including quicker clearances through a single window type of mechanism. We have lot of work to do on the power front. We need to improve the exposure of our industries to the world market so that they are able to compete. We need more thrust in the areas we hold competitive advantage, e.g. mineral based industries, auto & engineering industries, food & forest produce processing, handicrafts & silk.

We would be unable to discharge these functions unless industrial associations partner with us. They have to not only educate their members about the

govt. policies and schemes, but more importantly enlarge the base of entrepreneurship to other excluded sections. Industry Associations also have to play a proactive role in ensuring that units observe the regulations to protect the labour or environment or transportation etc. In short SMEs have to develop a spirit of self-regulation and discipline that takes the industries on a socially desirable path.

I hope the deliberations in the following days will take note of my concerns and will strive to evolve a programme of action that will forward the cause of industrialization in Jharkhand and India. I wish the deliberations all success.

Thank you,