

出國報告〈出國類別：會議〉

2009 年印度微中小型企業全球高峰論壇
India Global Summit on MSMEs
(The Next Generation MSMEs)

服務機關：經濟部中小企業處

姓名職稱：劉克章 技士

謝月媚 技正

派赴國家：印度新德里

出國期間：98 年 11 月 20 日至 11 月 22 日

報告日期：98 年 12 月 3 日

2009 年印度微中小企業全球高峰論壇
India Global Summit on MSMEs
(Building the Next Generation MSMEs)

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2009 年印度微中小企業全球高峰論壇 建立下一世代的微中小企業 (Building the Next Generation MSMEs)

一、緣起及目的

「2009 年印度微中小企業全球高峰論壇」係由印度微中小型企業部 (Ministry of Micro, Small & Medium Enterprises Government Of India)與印度產業聯合會(Confederation of Indian Industry)共同主辦，於 98 年 11 月 20 日至 21 日在印度新德里舉行，本處應邀於「閉幕會議」(Closing Plenary)中就「擘建技術升級、資通訊科技應用與研發」(Investing in Technology Upgradation, ICT Adoption & Research and Development)議題發表專題報告，提供我國政府目前輔導中小企業之政策措施及實務經驗，以為印度政府及該國中小企業參考運用，並促進我國與印度中小企業雙邊交流及合作關係。

二、行程與會議內容

(一) 行程摘要：

日期	行 程 摘 要
11 月 20 日 (星期五)	上午：8:20 搭機離台 下午：13:00 抵達印度新德里 下午：16:00~參觀駐印度代表處經濟組並與樊秘書雋白餐敘
11 月 21 日 (星期六)	上午：10:00 ~ 12:00 閉幕會議 — 擘建技術升級、資通訊科技應用與研發專題報告 1. 台灣中小企業輔導政策與發展策略 主講人：經濟部中小企業處劉技士克章 2. P&G 的創新及綠色經濟思維及成果 主講人：寶鹼印度開放創新中心主任 Pius Parakatti 3. IBM 與中小企業創新研發合作 主講人：IBM 公司亞太物流經理 Sanjiva Dubey 下午：12:30 駐印度代表處經濟組樊秘書雋白安排參觀

	紅堡
11 月 22 日 (星期日)	上午：11:00 前往機場 下午：14:30 搭機返台 晚間：22:45 抵達台北

(二) 行程與會議情形概述：

1. 11 月 20 日抵達新德里機場後，即搭乘 The Lalit Hotel 巴士至旅館登記入住。下午由駐印度代表處經濟組樊秘書雋白接待，至駐印度代表處辦公室參觀，沿途至印度當地小企業市集進行實地參訪，對當地小企業靈活彈性的經營模式印象深刻（例如：在路邊擺一張桌子，就能處理手機門號申辦及開通作業，並能對手機預付卡做小額加值；新台幣也能進行外匯兌換）。晚間則與樊秘書餐敘，就印度現行政經狀況、台商及其他國家（尤其是韓國）目前在印度投資狀況進行瞭解，台商目前在印度人數有限，大部分是大廠投資所派駐員工，韓國在印度投資及經濟活動規模較我國龐大，因此在印度常駐的韓國人數遠超過我國台商，為不可忽視之對手。印度是金磚四國之一，人口數目前是世界第二（因為官方統計數據未盡詳實，因此人口可能已是世界第一），青年人口比例高，未來發展潛力無限，因此若能讓台商多瞭解印度政經情勢，以大公司母雞帶小雞的方式，以群體方式進入印度市場，將有助於分散風險，拓展未來的商機。
2. 11 月 21 日參加 2009 年印度微中小企業全球高峰論壇 (India Global Summit on MSMEs) 並發表演說。印度微中小企業全球高峰論壇係由印度產業聯合會 (Confederation of India Industry) 中小企業委員會 (National MSME Council) 與印度微中小型企業部共同主辦，寶鹼 (P&G) 與 IBM 協辦，本屆大會主題為「建構下世代的微、中小型企業」(Building the next generation MSMEs)。印方除邀請其國內產學研界人士外，並有來自全球開發中國家共約 150 人參加本次會議。本處受邀參加大會第 2 天的閉幕會議，閉幕會議主題為「擘建技術升級、資通訊科技應用與研發」(Investing in Technology Upgradation,

ICT Adoption & Research and Development) , 本處由劉技士克章發表 20 分鐘專題報告。報告內容主要是針對我國政府對中小企業的輔導政策與措施進行說明，包括臺灣中小企業的特性及對社會的貢獻、中小企業所面臨問題(全球化、技術革新、激烈競爭)、臺灣經濟近況、中小企業發展現況及政府協助措施、中小企業全球化的挑戰、我國協助中小企業成長的策略及措施(包括鼓勵創業創新精神、創業育成中心、地方特色產業 OTOP 的推廣)、臺灣中小企業電子化所面臨的障礙等。報告中除詳細介紹我國中小企業導入電子化的困難及問題外，亦加強說明我國政府如何從需求端及供應端不同面向，來協助中小企業資訊化，並以如何推動縮減產業數位落差計畫為例，透過數位聚落集體運作，導入行銷顧問專業能力，來改善偏鄉中小企業數位能力，促進商機。

同場次兩位講者一為寶麟印度開放創新中心主任 Pius Parakattil 先生，演說內容主要為寶麟公司的創新及綠色經濟思維及成果；另一為 IBM 公司亞太物流經理 Sanjiva Dubey 先生演說內容主要為 IBM 公司與中小企業合作，進行創新研發之成果等。另一特別講座為印度微中小型企業部中小企業司長 Pravir Kumar 先生，主要介紹印度政府對該國中小企業的輔導措施。

在專題報告後緊接著進行座談與討論，與會者發言踴躍，其中與我國有關者為亞洲開發銀行首席經濟學家 Mr. Rana Hasan 提問有關我國 ICT 輔導措施之有效性評估標準為何，本處與談人(劉技士克章)以「輔導措施之有效性評估為續用率，受輔導廠商願意繼續付費給資服業者，便是良好的輔導績效」答覆。此外，Mr. Rana Hasan 對於「何以台印兩國在協助中小企業之策略與措施大同小異，而台灣之中小企業得以如此成功？」亦深感興趣，我駐印度代表處經濟組樊秘書表示「教育程度的提升與普及、政府對企業所需資金的支持、中央與地方的輔導配套措施、產學研對中小企業創新與育成的縱向與橫向合作等，均為我國中小企業得以成為經濟砥柱的重要因素」。

三、心得與建議

印度是一個經濟發展潛力十分龐大的市場，目前正積極投入各項公共建設（如機場、捷運等），但感覺最深的應該是宗教、文化、語言及地區發展，差異性極大，再加上仍實施種姓制度，婦女地位低落，子承父業造成在底層社會階級的人民可以說一輩子都沒有翻身的機會。一個社經階級流動不足的社會，雖然蘊藏無限商機，但我國廠商要投入這樣一個充滿矛盾與對比的市場，首先應認知印度市場是切片、區塊式(slices & segments)，即貧富不均，所以高、中、低收入的消費者均有市場機會，所以針對不同市場，應有不同價位、不同功能的產品、不同的服務來因應，不可能以單一產品服務打遍天下，也因為消費人口是處於成長期，故處處是市場，處處有商機，但也因為消費差異性大，故應擺脫在臺灣單一市場的思維，改採打群架的方式，由大廠帶小廠集體的方式，結合印度當地人士的帶領、政府駐外及相關貿易拓展單位的配合，協助進入目標特定市場，以促進投資與貿易的機會。

2009年印度微中小企業全球高峰論壇 (India Global Summit on MSMEs) 主題為如何協助印度微中小型企業進入下世代的競爭，雖然大會在閉幕會議中以導入科技的升級投資，ICT的採用及研發為創造下一代中小企業解決方案之一，但以我國的發展經驗而言，因微中小型企業資源、能力均不足，因此仍需要政府站在協調、整合資源的角色，適時、適質的挹注外在資源協助，才能使中小企業資訊化的發展歷程，能少走一些冤枉路，故對發展中國家的微中小企業的成長發展而言，各國中央及地方政府在教育程度提升與普及、產學研合作等方面，因地制宜，適時給予協助，實扮演促成中小企業升級轉型成功，十分重要的關鍵角色。

四、附件

附件 1：議程表

附件 2：感謝函

附件 3：相關會議資料

附件 4：會議剪影



Confederation of Indian Industry



Government of India



Ministry of Micro, Small and Medium Enterprises

India Global Summit on MSMEs 2009

20 - 21 November 2009

Crystal Ball Room, The Lalit, Barakhamba Avenue, New Delhi

Programme Structure

20 November 2009 (Friday)

0900 hrs Registration

1000 – 1100 hrs : Inaugural Session: “Building the Next Generation MSMEs”

Welcome Remarks	Salil Singhal Chairman, CII National MSME Council & Chairman, Secure Meters Limited
Keynote Address	Dinesh Rai , I.A.S. Secretary Ministry of MSME, Government of India
Inaugural Address by the Chief Guest	Arun Maira Member Planning Commission Government of India
Concluding Remarks	Salil Singhal Chairman, CII National MSME Council & Chairman, Secure Meters Limited

1100 – 1115 hrs Tea/Coffee break

1115 – 1245 hrs : Plenary 2 : Dealing with Economic Cycles : How to Adapt ?

MSMEs have borne the brunt of the current global economic slowdown, especially with the contraction of the external markets. Unlike the larger businesses, they lack the resources to take corrective action for every economic cycle. While every economic cycle is shaped by unique domestic and global developments, the session will how best the entrepreneurs could observe a high degree of financial discipline as well as adopt specific marketing strategies to tide over difficult times.

Opening Remarks by Session Chairman	Rakesh Rewari Deputy Managing Director Small Industries Development Bank of India (SIDBI)
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Presentations

Rana Hasan

Principal Economist
Economic Research Department
Asian Development Bank

Uma Reddy

President, CLIK &
Chief Executive Officer
Hitech Magnetics

K Nandakumar

Chairman, CII (WR) MSME Subcommittee
and Chairman & Managing Director
Chemtrols Engineering Limited

Archana Bhatnagar

Chairperson
Haylide Chemicals

Panel Discussion

Question & Answers

Concluding Remarks

Rakesh Rewari

Deputy Managing Director
Small Industries Development Bank of India
(SIDBI)

1245 – 1400 hrs

Lunch

1400 – 1545 hrs : Plenary 3 : Capital Requirements : Financing Options/Innovations ?

There are several cobwebs and apprehensions in the minds of the entrepreneurs in relation to this route of attracting capital and the real benefits or risks that it offers. As a result, several companies in the SME sector, who have all the ingredients to move to higher levels, shy away from exploring this avenue completely. This session will try to highlight what the lenders look for in a company and what they can offer to the company and at the same time answer some deep rooted questions that exist in the minds of entrepreneurs in the SME sector on what are the benefits, challenges, processes and criteria to achieve this big step.



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**Opening Remarks by
Session Chairman**

H P Kumar
Chairman and Managing Director
The National Small Industries Corporation Ltd.
(NSIC)

Presentations

Rakesh Singh
Head SMEs
Standard Chartered Bank

K Hari
Assistant Vice President
National Stock Exchange

K G Alai
Chief General Manager
Small Industries Development Bank of India
(SIDBI)

Praveen Toshniwal
Past Chairman
CII (WR) MSME Sub-Committee and
Chairman & Managing Director
Nivo Controls Pvt Ltd

Panel Discussion

Question & Answers

Concluding Remarks

H P Kumar
Chairman and Managing Director
The National Small Industries Corporation Ltd.
(NSIC)

1545 – 1600 hrs

Tea/Coffee break

1600 – 1745 hrs : Plenary 4 : Integrating with the Global Value Chain

With the production of goods and services becoming increasingly fragmented across enterprises and countries, several windows have opened up for Indian MSMEs to participate in the global value chain. Global outsourcing is one such opportunity. However, the moot question is, are MSMEs geared to understand the structure and dynamics of global value chains and benefit from the resultant synergies.

**Opening Remarks by
Session Chairman**

Arvind Kapur
Co-Chairman, CII (Northern Region) MSME



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Government of India



Ministry of Micro, Small and Medium Enterprises

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Subcommittee & Managing Director
Rico Auto Industries Limited

Presentations

Chua Tiam Wee
National President
SMI Association of Malaysia

Keith Regan
Associate Director
Camco Global

Lakshmi V Venkatesan
Founding Trustee &
Executive Vice President
Bharatiya Yuva Shakti Trust (BYST)

Panel Discussion

Question & Answers

Concluding Remarks

Arvind Kapur
Co-Chairman, CII (Northern Region) MSME
Subcommittee & Managing Director
Rico Auto Industries Limited

End of Day 1

21 November 2009 (Saturday)

**1000 – 1200 hrs : Closing Plenary:
Investing in Technology Upgradation, ICT Adoption & Research and Development**

In the absence of a robust eco-system and limited access to financing options, a very large number of MSMEs cutting across business sectors are faced with technological obsolescence that seriously undermine their competitiveness in the domestic and global markets. Government has introduced dedicated funds and schemes to help these enterprises to undertake technological upgradations. The session will discuss how the entrepreneurs can leverage the investments in ICT, R & D and innovations, to enhance their efficiency and become globally competitive.

**Opening Remarks by
Session Chairman**

Salil Singhal
Chairman, CII National MSME Council &
Chairman, Secure Meters Limited



Confederation of Indian Industry



Government of India



Ministry of Micro, Small and Medium Enterprises

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Presentations

Keh-Jang Liu

SMEA Information Technology Division
Small and Medium Enterprises Administration
Ministry of Economic Affairs, Taiwan

Pius Prakattil

Head – Open Innovations India
Procter & Gamble

Sanjiva Dubey

Asia Pacific Service Delivery Executive
IBM Global

Special Address

Pravir Kumar I.A.S.

Joint Secretary
Ministry of MSME

Panel Discussion

Question & Answers

Concluding Remarks

Salil Singhal

Chairman, CII National MSME Council &
Chairman, Secure Meters Limited

1200 – 1400 hrs Buyer – Seller Meet

1400 – 1500 hrs Lunch & Conclude

附件 2：感謝函

Dear Mr. Liu,

India Global Summit on MSMEs 2009

I am writing to thank you for the time that you took out of your busy schedule to be with us and speak at the India Global Summit on MSMEs held on 20- 21 November 2009 in New Delhi.

Your views and perspective has contributed tremendously to the success of the Summit and well accepted by participants.

The feedback that I have received from the speakers and participants at the Summit is extremely positive.

I look forward to your continued involvement and support to bring fresh and newer perspectives which contribute towards the growth and development of MSME sector in India.

Kind regards,

Marut

Marut Sen Gupta
Senior Director
Confederation of Indian Industry
The Mantosh Sondhi Centre
23 Institutional Area, Lodi Road
New Delhi - 110 003
Tel : 011 -24601437
Fax : 011 - 24626149 / 24615693

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Taiwan SME Policies and Strategies to Promote SMEs' Growth

Mr. Keh-Jang, Liu
Small and Medium Enterprise Administration
Ministry of Economic Affairs
21 November 2009



Outline

- I. Foreword**
- II. Overview of Taiwan's Economic and SME Development**
- III. Globalization and SMEs**
- IV. Strategies and Measures to Promote SMEs' Growth**
- V. Conclusions**



I. Foreword

1. Characteristics of SMEs

- 1) High importance towards the development of society.
- 2) Large in number, high diversity, dynamic structure.
- 3) High contrast of being transferred in/out
- 4) Employees face larger challenges and increasing pressure.
- 5) Relatively weak in comparison with large enterprises.

2. SMEs' Contribution to Economic Society

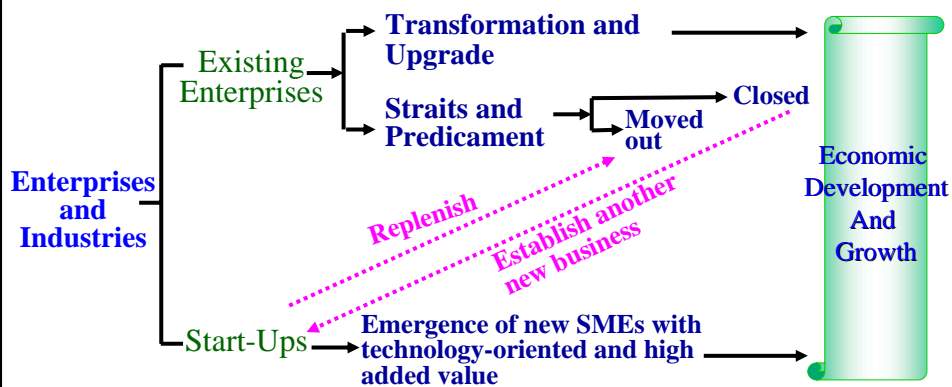
- 1) Playing a key role in industry structure to link up- and down-stream industries.
- 2) Developing foreign trade, creating foreign exchange and employment opportunities.
- 3) Providing remarkable contributions to building up a middle-class in society.
- 4) Continuously supporting economic development and stabilizing society.

3. Problems faced by SMEs

Globalization, Technology Revolution, Fierce Competition

- Difficulty in obtaining **financing**
 - Lack of **R&D energy**
 - Difficulty in **upgrade and transformation**
 - Insufficient **marketing abilities**
- The small scale of the individual businesses makes them relatively weak; therefore, they need assistance to **upgrade the standard of management and competitiveness.**
- Promote formation of a labor-division system to link with large corporations and develop towards a **high value-added supply chain.**
- New generation **business startup** needs motivation. ➔ Foster new SMEs to fill in the gap created by **industrial migration**
 - **Localized enterprises** need revitalized development. ➔ Balance regional development, and minimize the gap in urban-rural development

4. The Relationship of Entrepreneurship and Economic Growth



Positive Recycle of Economic Development

Entrepreneurship (transformation, upgrade and New start-up) based on Innovation

II. Overview of Taiwan's Economic and SME Development

1. Economic Development of Taiwan

A. About Taiwan

Area: 36,000 sq. km

Population: 23.04 million

Per Capita Income: US\$17,294

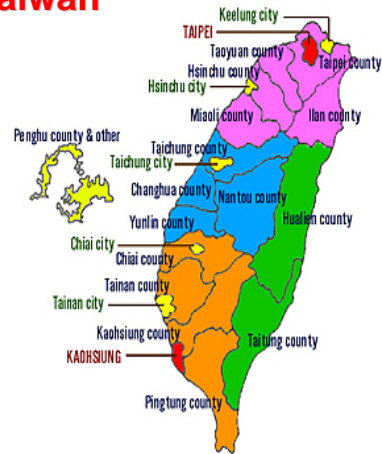
Foreign Trade (goods) :

World's 18th largest trading nation*

Number of Enterprises: 1.27 million

Number of SMEs: 1.24million

Ratio of SMEs to All Enterprises: 97.6%



*Statistics in 2008

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B. An Outline of Taiwan's Economic Growth

YEAR	1952	2008
Population	8.13 million	23.0 million
GNP	US\$1,674 million	US\$401.8 billion
Per Capita GNP	US\$196	US\$17,542
Agri. Output/GDP	32.2%	1.7%
Industrial Output /GDP	19.7%	25.0%
Exports	US\$116 million	US\$255.6 billion
Imports	US\$187 million	US\$240.4 billion
Foreign Exchange Reserves	Less than US\$100 million	US\$291.7 billion



Sources: Statistics Indicators of Major Countries, Statistic Department, MOEA, 2009
Directorate General of Budget, Accounting and Statistics, 2009

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C. Structure of Production (% of GDP by Sector)

Unit: %

Year	Agriculture	Industry	Services	
			Manufacturing	
1952	32.2	19.7	12.9	48.1
1960	28.5	26.9	19.1	44.6
1970	15.5	36.8	29.2	47.7
1980	7.7	45.7	36.0	46.6
1990	4.2	41.2	33.3	54.6
2005	1.7	25.9	22.3	72.4
2008	1.7	25.0	21.7	73.3

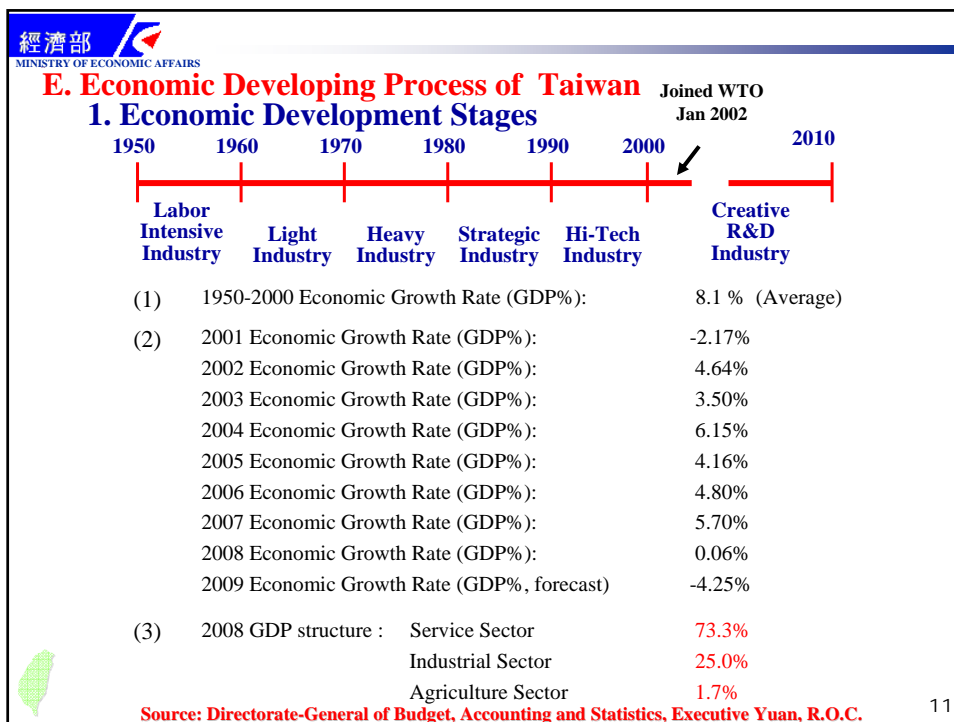
Sources: 1. Taiwan Statistical Data Book 2005, CEPD, June 2009
2. Statistics Indicators of Major Countries, Statistic Department, MOEA, May 2009
3. Directorate General of Budget, Accounting and Statistics, 2009

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D. Policies and Strategies in Different Stages of Taiwan's Economic Development

- 1) Import-Substitution / Labor-Intensive Industry : 1953-1962
- 2) Export-Expansion / Light Industry : 1963-1972
- 3) Import-Substitution / Heavy Industry : 1973-1980
- 4) Industry Upgrade / Strategy Industry : 1981-1990
- 5) Hi-Tech Industry : 1991-2000
- 6) Creative R&D Industry : after 2001

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11

經濟部
MINISTRY OF ECONOMIC AFFAIRS

2. Role of SME's Development

A. Criteria for Identifying SMEs

SECTORS	SMEs		Micro Business
	Basic	Exception	
Manufacturing, Construction, Mining, Quarrying	Capital < US\$2.3 Million	Employees < 200 persons	Employees < 5 persons
Commerce, Service	Preceding year revenue < US\$2.9 Million	Employees < 100persons	Employees < 5 persons

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B. Current Status of SMEs in Taiwan

	All enterprises	SMEs	% of SMEs
No. of enterprises	1,266,664	1,236,586	97.63
Total employments (thousand persons)	10,294	7,939	77.12
No. of employees (thousand persons)	7,735	5,383	69.60
Total Sales (NT\$ million) (US\$ million)	35,886,186 (1,106,130)	10,171,750 (313,527)	28.34
Domestic Sales (NT\$ million) (US\$ million)	26,277,826 (809,939)	8,536,591 (263,126)	32.49
Export Sales (NT\$ million) (US\$ million)	9,608,324 (296,160)	1,635,150 (50,401)	17.02

Source: White Paper on SMEs in Taiwan, 2008.

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C. Enterprise Ages in Taiwan

units: no. of enterprises

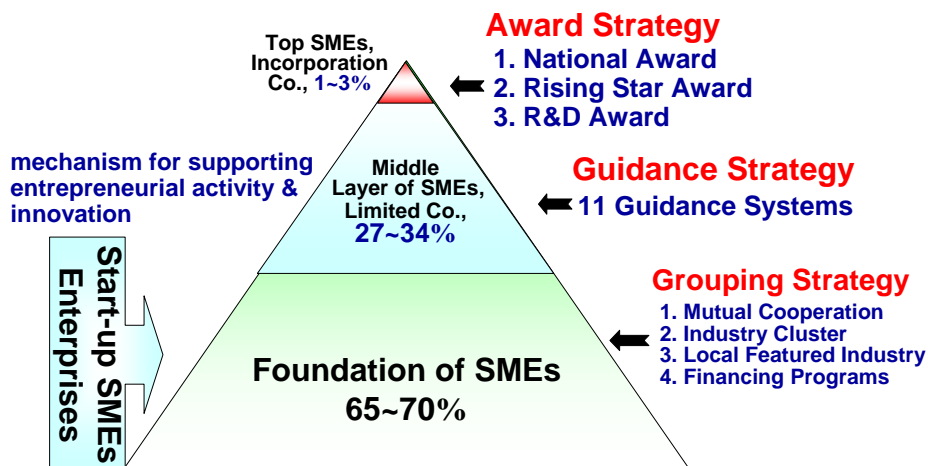
Age	2003	2004	2005	2006	2007		
					Total enterprises	SMEs	% of SMEs
Less than 1 year	112,154	108,610	125,667	108,320	93,233	92,957	7.52
1 – 2 years	104,183	110,649	108,989	120,530	106,945	106,082	8.58
2 – 3 years	82,234	87,612	96,365	91,400	101,216	100,057	8.09
3- 4 years	69,545	70,895	79,583	83,272	79,252	78,070	6.31
4- 5 years	64,843	61,321	65,055	70,133	73,889	72,474	5.86
5- 10 years	248,300	245,280	249,414	247,247	255,435	248,543	20.10
10- 20 years	283,225	287,444	298,662	290,121	306,246	296,163	23.95
Over 20 years	207,296	218,365	229,959	233,076	250,448	242,240	19.59
Total	1,171,780	1,190,176	1,253,694	1,244,099	1,266,664	1,236,586	100

Source: Collected from Ministry of Finance Tax Data Center Business Tax statistics.

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D. Policies for Fostering SMEs and Start-ups

Philosophy – Service, Minding, Esteem, Awareness



15

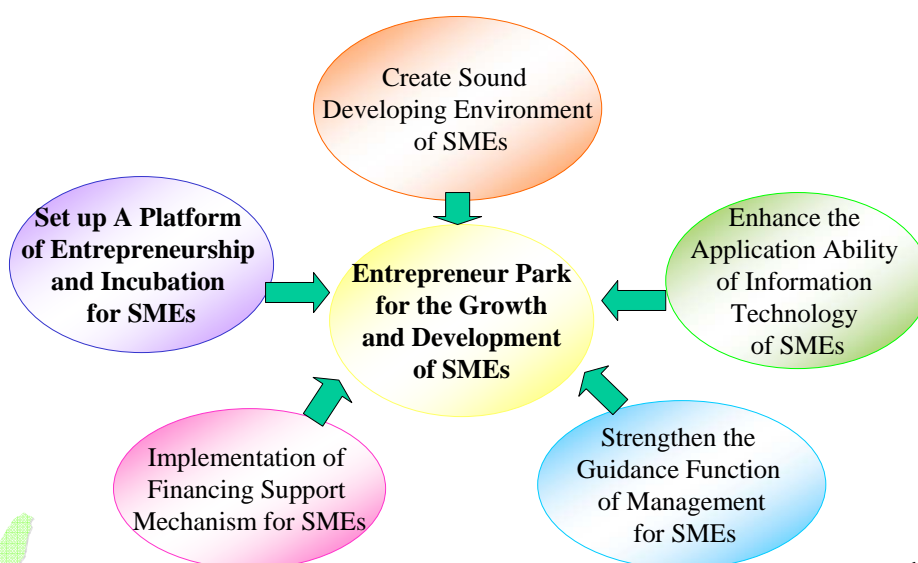
Eleven Guidance Programs to Assist SMEs

- Finance and Credit
- Management
- Production Technology
- Research & Development
- Information Management

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- **Industrial Safety**
- **Pollution Control**
- **Marketing**
- **Mutual Support & Cooperation**
- **Quality Enhancement**
- **Business Startup & Incubation**

Developing Strategies and Targets of SMEs



E. Government Assistance

- 1) After Getting the Assistance Measures of Management, Financing & Credit Guarantee, etc., Many SMEs Become Large Enterprises.
- 2) Among Them, 226 Enterprises Listed on Taiwan Stock Exchange Corp. Market, 276 Listed on OTC Market, 141 listed on Emerging Stock Securities Market.
- 3) For example, the *Acer* and the *FOXCONN* Are the Benchmark Enterprises.

III. Globalization and SMEs

1. Characterization of Globalization Era for SMEs

- ✓ Knowledge based Economy (KBE)
- ✓ E-Age (Networking and String Interaction)
- ✓ “Globalized” Market
- ✓ New Technological Impact, e.g. Nanotechnology (It offers an opportunity for the “latter comer reshuffle.”)



**“Dynamic” Characteristic
and
“Time-based”
Innovation Strategies**

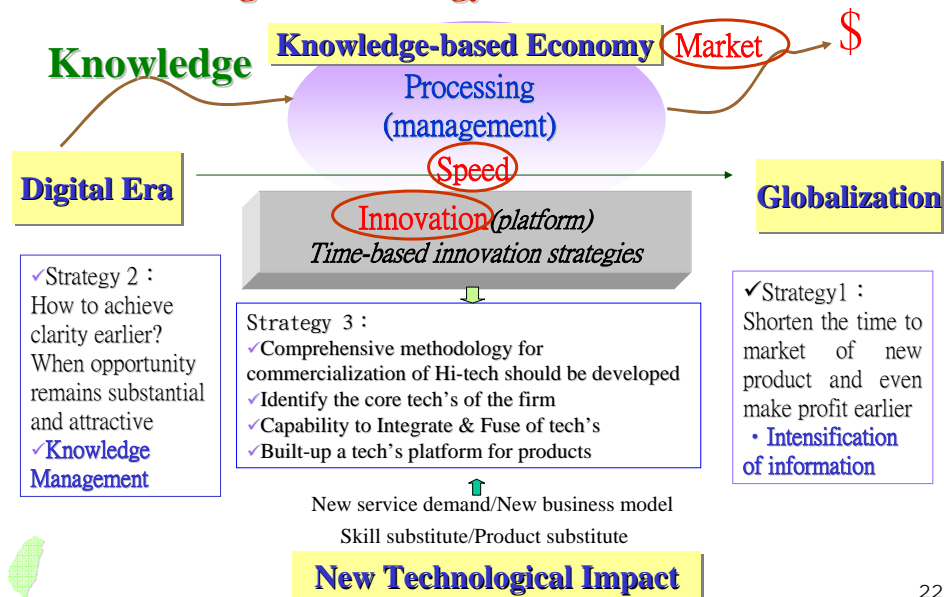
2. Knowledge Based Economy



Innovation (Platform)
(time-based innovation strategies)

- ◆ In other words, in the globalization era for SMEs are:
Speed, Innovation, and Market

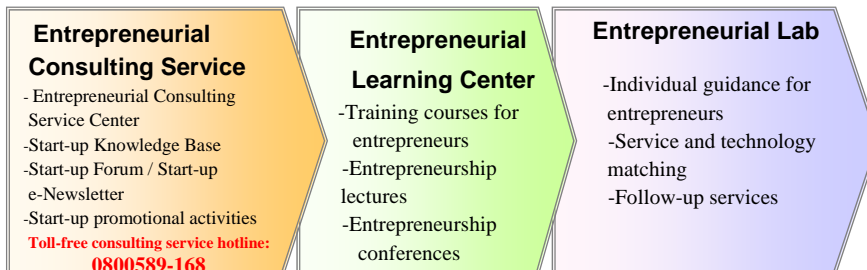
3. Challenge and Strategy under Globalization



IV. Strategies and Measures to Promote SMEs' Growth

1. Fostering Entrepreneurship

A. The Three Key Stages of Start-up Guidance

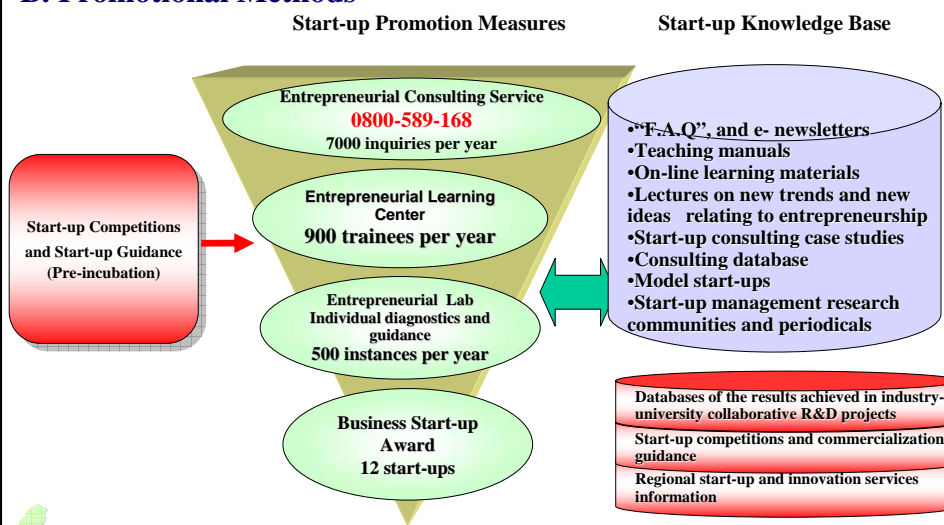


Results Achieved (2004 – 2008)

- Entrepreneurial consulting service provided on 44,040 occasions
- Cultivation of 10,631 start-up managers
- Cultivation of 1,148 new enterprises
- Creation of 6,029 new jobs
- Stimulating NT\$4,458 million in new investment

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B. Promotional Methods



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Case : Wretch Limited Company

Authorized Capital: NT 20 million

Characteristics

WRETCH was founded in 1999 by 6 university students in National Chiao Tung University and registered in March 2005, providing service of immediate photo album on the Internet. It has offered an exclusive Internet photo album to each user for free on campus. In accordance with Google in Stand-ford University, WRETCH run a win-win situation between company's profit, user's right and interests. There are 2.8 million members in 2006. Now WRETCH has been merged into YAHOO with USD 21 million in March 2007.

Government Guidance and assistance

Commend to join and win *The 4th Business Start-Up Award*



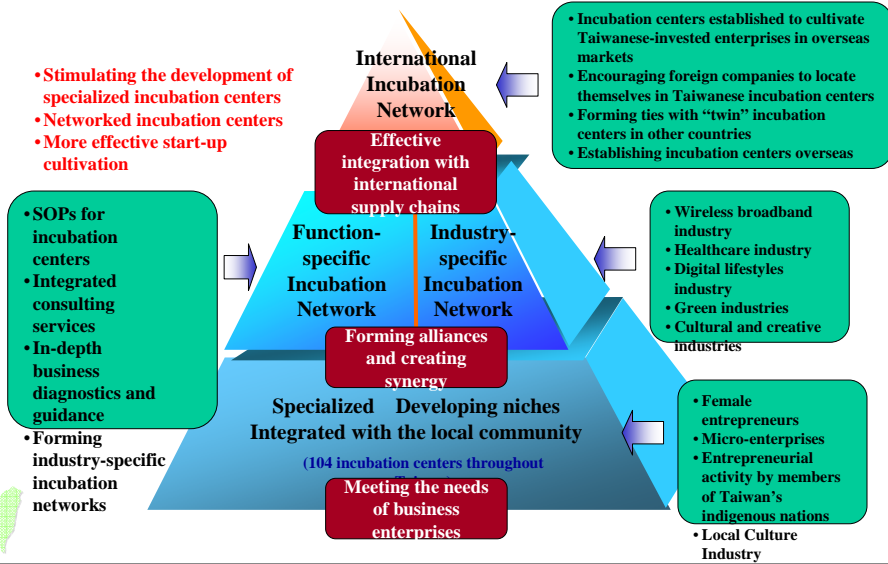
2. Business Innovation and Incubation

A. Function of Incubators

- To reduce risks and expenses of investment and increase successful rate of start-up enterprises.
- To foster new products, new business-model and new technology.
- To provide guidance in commercializing R&D achievements.
- To provide a location for cooperation of academics and industries.
- To provide testing services and speed up the development of products.
- To provide training courses, information and consultation.

B. Promotional Methods

Building a professional incubation network



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3. Enhancing Business Management Guiding Function

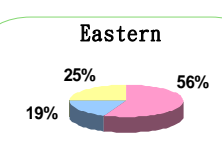
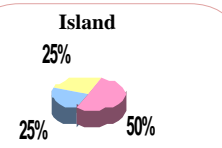
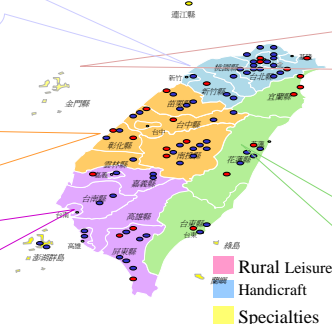
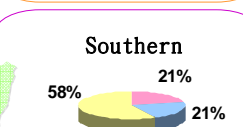
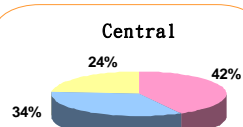
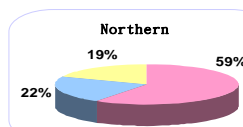
Local Cultural Industry

(1) Definition of "Local Cultural Industries"

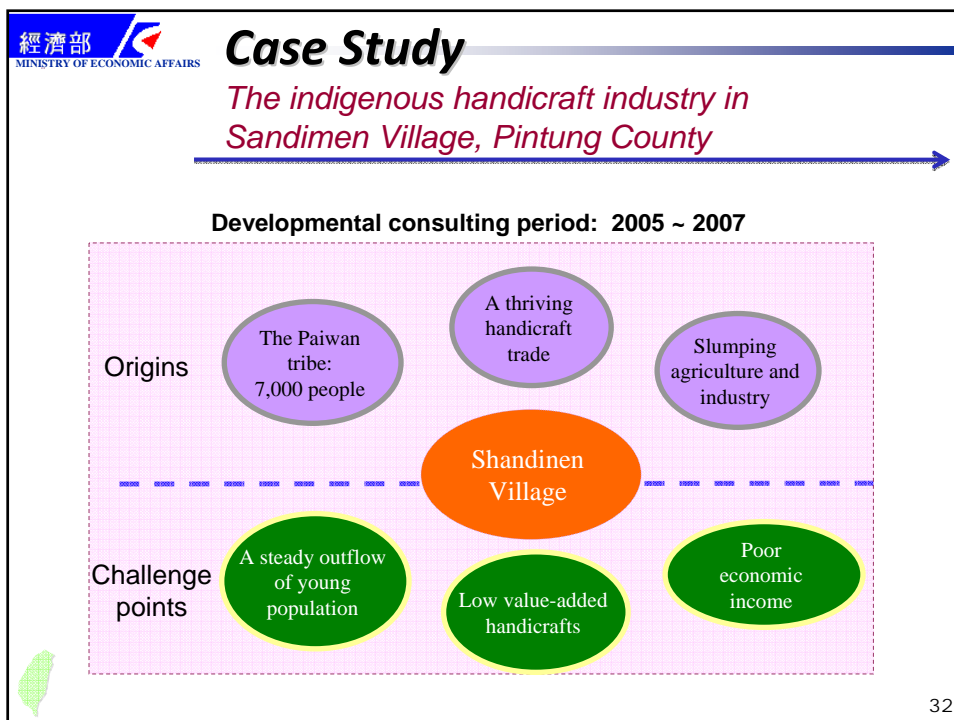
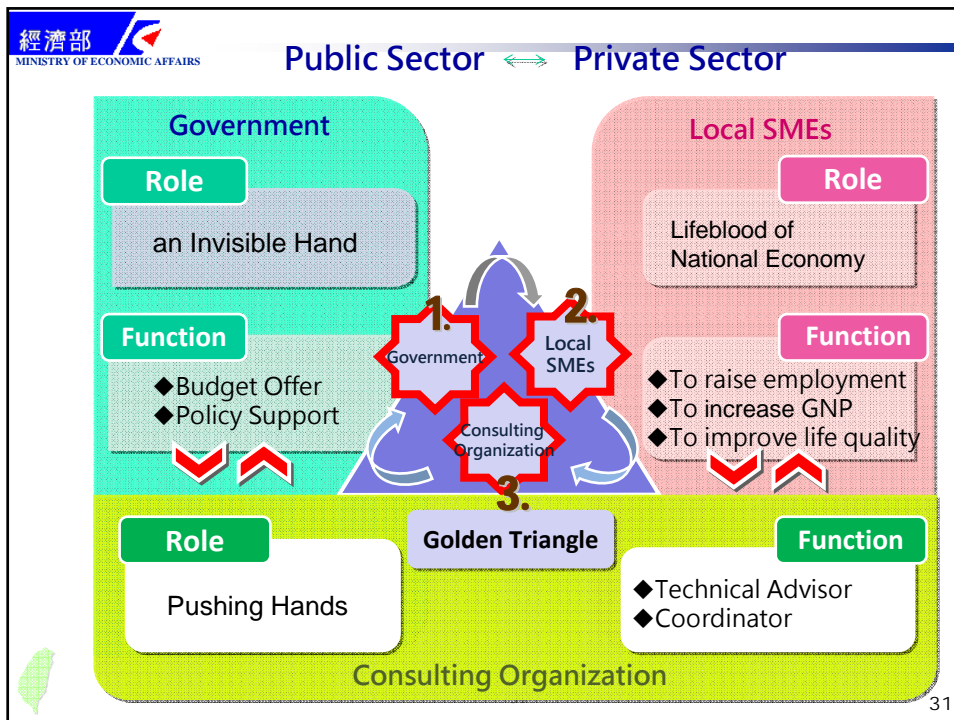
The term "local" pertained largely to a village, township, or municipality, while "cultural industries" refer to some particular local industries of historical, cultural, distinctive or unique qualities.

Distribution of Local Cultural Industry Cases

Industry Type	Northern	Central	Southern	Eastern	Island	Total
Handicraft	6	18	3	3	1	31
Specialties	8	14	9	5	2	38
Rural Leisure	16	21	3	9	2	51
Total	30	53	15	17	5	120



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Case Study

The indigenous handicraft industry in Sandimen Village, Pingtung County

Developmental consulting process (a 3-year, 3-phase program)

STEP 1

To instill industry confidence

1. Exhibiting and marketing its handicrafts in Taipei to bring awareness to handicraft art of Sandimen Village
2. Promotion through a tour handbook that helps to draw in visitors

STEP2

Internal infrastructure development

1. Culminating business management talents to excel enterprising craft achievements
2. **Creating product value**, improving and beautifying the workshops

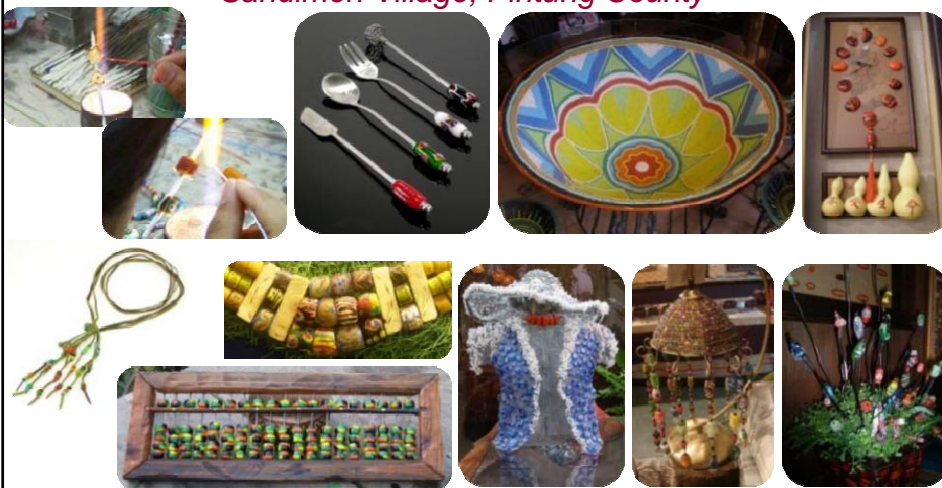
STEP3

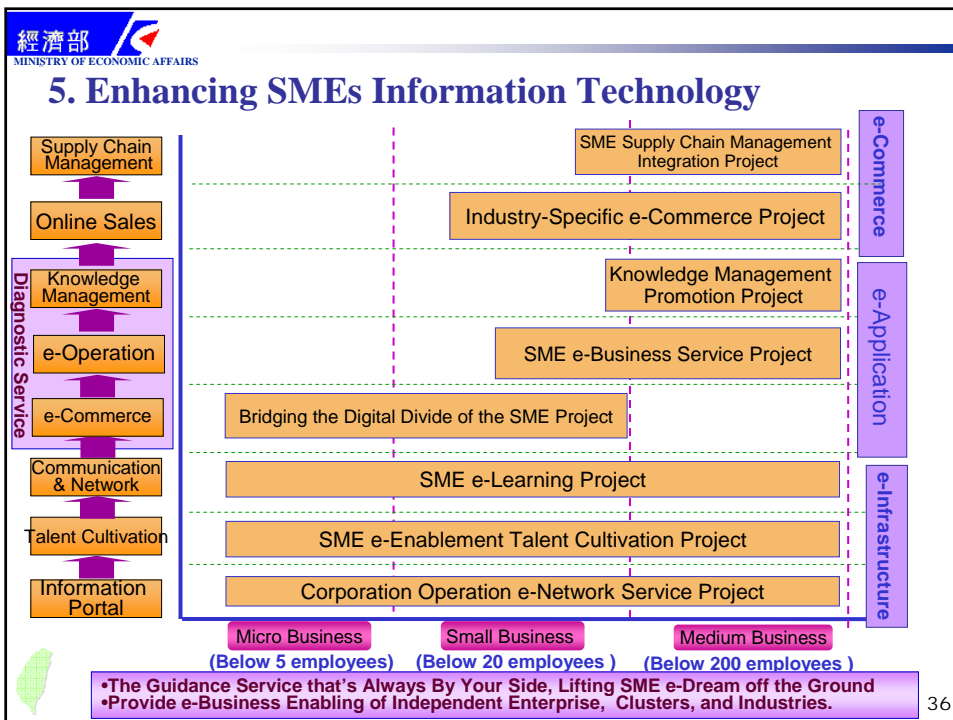
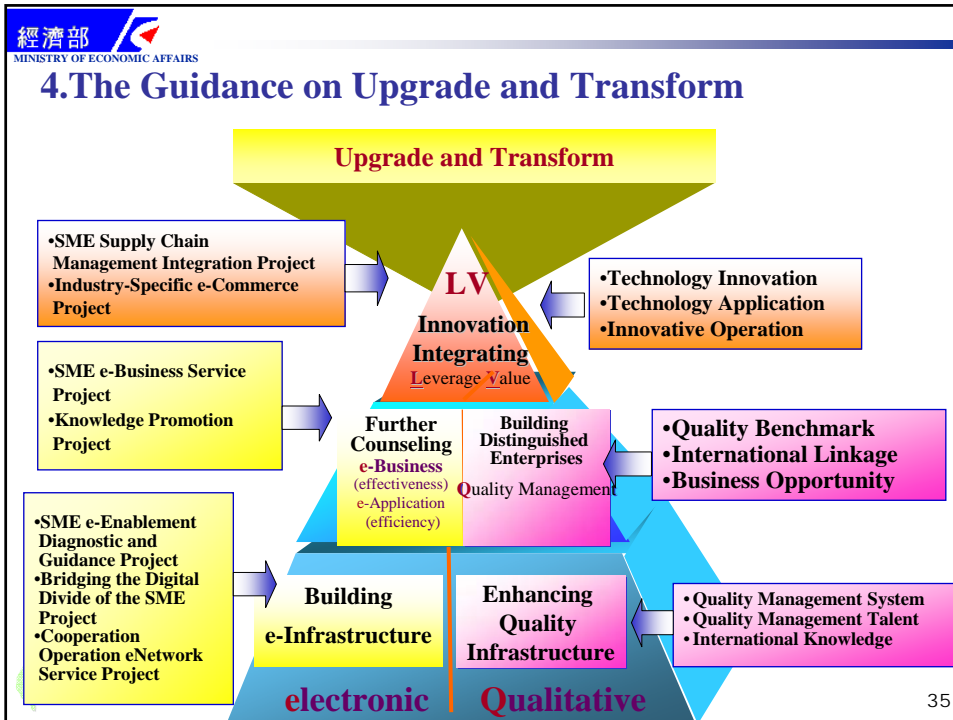
Instilling the overall image

1. Launching a production and marketing **cooperative** for effective industry integration
2. Staging arts and **handicraft exhibition** activities that would poise to expand global distribution

Case Study

The indigenous handicraft industry in Sandimen Village, Pingtung County





The Barriers of Digitization for Taiwan Small Business

For Small Business Owners

- Lack of knowledge about ICT and e-business
- Minimum skill on ICT

For Small Business Companies

- Incapability of handling the complexity of ICT
- Lack of technical people
- Inefficient Business Flows

For ICT Service Providers





- Beyond reach of city-based service providers
- Offer mean margin from small businesses



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Strategies of Deploying ICT to Small Businesses(1)

Demand Side

-  **Select Digital Divide Zones**
Classify 3 zones among 369 small administrative districts according to divide statuses.
-  **Established e-Communities**
Organize e-Communities to facilitate collective learning.
-  **Foster Leader of e-Communities**
Train the leader's cohesiveness, communication and marketing to guide members of e-Communities.
-  **Learn to Earn**
Promote successful e-business models for small business.

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Strategies of Deploying ICT to Small Businesses(2)

Supply Side

- Select Deployment Teams**
Select 11 corporate and association teams covers entire Taiwan.
- Source Ready-to-Use Solutions**
Source for small-business only solutions.
- Mobilize Community Involvement**
Leverage with associations, universities, and local volunteer groups.
- Engage 42 Web Marketing Consultants**
Help the products of SMEs to be exposed, set up brand image and create the business opportunity.

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Executing Achievements -for Web Marketing Consultant

How to do?

- One-to-one diagnosis and coaching
- Communication and coordination
- Carry out Web marketing



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Critical Success Factors

Demand

- The divide distribution by industry
- Divide distribution by region
- The resource & capability of divide SME

Supply

- Effectively provide services covering responsible divide zones
- Provide inexpensive, diversified solutions and sustainable services
- Be motivated to achieve the goal and vision of the project

Execution

- Demand Quality for All Transactions
- Make Clear and Fair Game Rules and Incentives
- Enforce disciplines on conduct of businesses
- Provide Centralized Marketing & Information Sharing

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Case Study Form Local e-Communities

Community Name : Dung Hai Art Street –A Utopian Lifestyle for Art

Members : 15

Location : Taichung County

Product : Accessory design, exotic garments

Story : Not only promote Dung Hai Art Street ,but also connect with scenic spots on the internet to create a win-win business profit.

e-Solution : E-Commerce System

Website : <http://www.dunghai-art.com.tw>



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Numbers of Calls: 300/month



Number of visitors : 800/month



Sale increase : 30%/Month



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Case Study Small e-Business

Name : Sun Yui Tein Shop
Location : Tao-Yun County
Product : Roast Monascus Chicken,
 Roast Sake kasu Chicken, Red Wine

Story : The shop owner is used to be a housewife
 After using the e-Solutions' assistance,
 now her roast chicken and red wine has
 become a very populour product on the Internet.

e-Solutions : E-Commerce System

Website : www.best-168.com



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Cost Saving : 30~40%



Sales Growth : 20,000→80,000NT /Month



Customer Increase : 20~30%



酒粕烤雞 山野跑山雞

3



Social Justice

We will remove ICT barriers from small businesses in Taiwan, and bring them to a level that they can coexist with large companies.



Heartfelt Moves

We will set our steps to every rural villages, to sell the hard technology with soft touches. By promoting e-community, small businesses could learn to earn together.



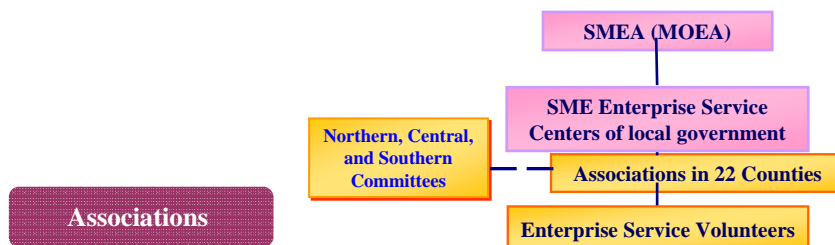
Ring the Bell

Turn small business to smart business is our ultimate goal. We help create more success e-business models to prove that small business could operate beyond geographic boundaries.

6. Service Network & Volunteer Organization

Subordination

--- Mediation or Services



- Currently, there are 22 County (City) SME Honorary Adviser (Enterprise Service Volunteer) Associations, who regularly conduct meetings to share their experiences, participate in SME events, and carry out site-visit services. They respond to the specific needs of the local industries and penetrate deep into the local industrial communities to provide diversified services, assist them to solve problems, and accompany them in the journey to sustainable growth.

Regional Committees

- To effectively consolidate regional resources and promote inter-county interactivity, the northern, central, and southern Taiwan committees were established, aiming to coagulate the services energies of the local Enterprise Service Volunteer Associations for the development of local industries and economy.

Achievements of Enterprise Service Volunteers

1. Service Modes

Service Modes	Objectives	Implementation
Over-the-counter Services	Provide one-on-one free business consultation services	Preliminary interview at the service counter or onsite to convey the government policies
Site-visit Consultation	Solve business problems and reflect opinions	Visit the enterprise that requested consultation, organize the problems, and then offer suggestion or referrals
Industrial-Academic Cooperation	Assist the enterprises to upgrade and transform; and help the academic institutions to industrialize their research results and provide practicum opportunities.	Conduct industrial classes, coop programs, recruitment activities, industrial technology transfer, integration of incubation centers, or other programs
Local Cultural Industry	Consolidate the clustering effects of the local cultural industries	Coordinate with the referral programs of the local government and consultation units and assist in the marketing of the local cultural industries
Merchant Recruitment	Promote local economic development and improve the investment environment	Join the local government in the planning projects and host seminars in the industrial zones to attract investments and new companies
Human Resource Incubation & Business Startup Consultation	Foster corporatization of non-profitable and handicap groups to uplift their competitiveness	Share experiences in business administration with the prospective business starters, non-profitable organizations, and new business owners

In 2008, enterprise service volunteers dedicated a total of 29,035 hours to service over 11,580 persons/times.

2. Cases

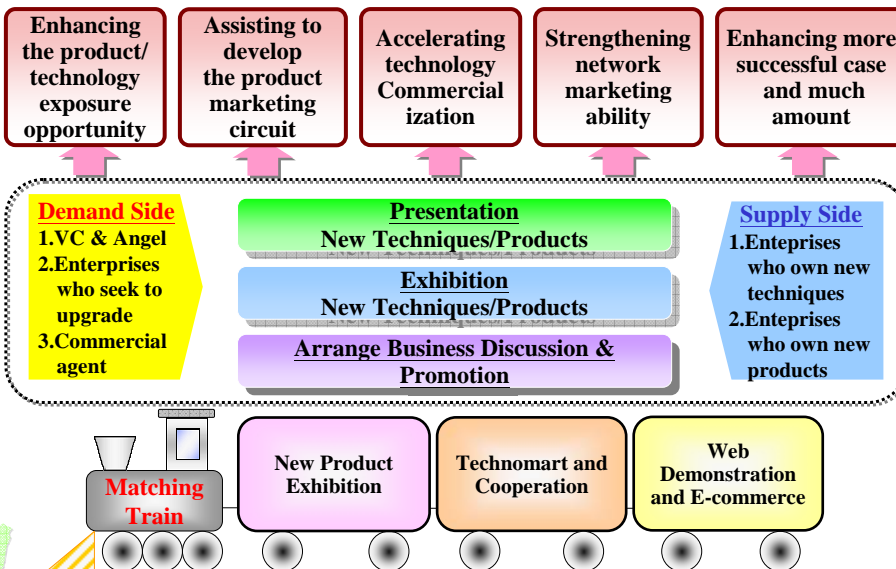
- Industrial-Academic Cooperation



- **Enterprise Volunteer Units**
 - Nantou County Enterprise Service Volunteer Team
- **Background of the Case**
 - After the 921 Earthquake, Nantou County entered a stage of redevelopment. The businesses were heavily traumatized and waiting to be revived. The Small and Medium Enterprise Service Center joined the Enterprise Service Volunteers to promote the two-way winning programs of industrial-academic cooperation.
- **Contents**
 - The Nantou County Enterprise Service Volunteer Association entered a cooperative venture with Nan Kai University of Technology. The success of the project makes it a good model for enterprise service volunteer associations nationwide.
 - The volunteers brought internship opportunities to the students, and with the support of the school's facilities and teaching staffs, the Enterprise Service Volunteers and the professors teamed up to grade the student's exhibition of internship achievements. Outstanding students received scholarships for their brilliant performances.
 - The volunteers arranged regular seminars at school to share experiences with the students for the objective of closing the gap between academic knowledge and hands-on experiences.



7. Business Matching and Promotion



The Necessity of Resource Integration

It is necessary to integrate resources among different government departments to maximize efficiency on promoting SMEs' growth. The emergence of e-commerce shortens and fastens communication and strengthens interactions among different business units, which make a local service and partnership system able to function.

The Role of Local Government

To develop and implement effective plans of SMEs' growth, local governments should play an important role, especially on the assistance of local industry to build service network and collaborative relationship with local communities and associations.

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Key success factors of SMEs

Innovation, Speed, Value and Entrepreneurship
Taiwan is a good example to learn the best practices in business startup, innovation, incubation, capacity-building, and new approaches for SME policies and instruments

Innovative Regulatory Environment

To build a favourable infrastructure for SMEs growth, governments should assist in improving regulatory framework, foster human resources, reform education system, release the R&D energy through deregulation.

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Thank you for your attention!



CONTENTS

i)	Executive Summary	1
ii)	Building The Next Generation MSMEs	4
iii)	Dealing with Economic Cycles: How to Adapt	7
iv)	Capital Requirements: Financing Options & Innovations	12
v)	Integrating with The Global Value Chain	17
vi)	Investing in Technology Upgradation, ICT Adoption, R&D & Innovationclusion	20 24

EXECUTIVE SUMMARY

The current global economic slowdown has handed out a key message to governments and industry everywhere that the interests of MSMEs should be treated as a key priority. In countries that were hit hard by the economic recession, strong criticisms have been leveled against governments and banks for not passing on the benefits of interest rate cuts to the small businesses, which in the aggregate contribute the most to industrial output and employment. The common refrain is that policy-makers and lenders should reduce the credit uncertainty for the MSMEs.

For many of the small enterprises, the current economic downtrend would have been the first such experience and hence might not be geared to employ their physical and financial resources optimally to ward off the difficult times. So, a growth stimulus package alone cannot help the majority of the financially-distressed MSMEs to stage a recovery. Instead, government and industry support would be also required in terms of technology transfer, skills development, market creation, among other critical areas. Banks too would be called upon to be less formulaic in their lending approach while dealing with MSME clients.

Looking ahead, the challenge lies in building the next generation of MSMEs that will collectively function as the powerhouse of the global economy. To achieve this, governments and industry around the world would need to make many collaborative efforts to create conducive eco-systems for MSMEs within their respective geographies and across regions.

An ideal eco-system would be one that facilitates for the entrepreneurs easy and innovative financing options, access to appropriate and affordable technologies, steady supply of trained manpower, branding, marketing and distribution support systems, standard quality assessment tools and efficiency metrics, stable regulatory norms and socio-political stability. These issues have been taken up for discussion in the chapter entitled 'Building the Next Generation MSMEs'.

It may be said that the long-term sustainability of the next generation of MSMEs would depend on the business models they adopt. While, each kind of business would need a unique model to be developed, the entrepreneurs may be well advised to keep in view certain broad objectives, such as:

- Creation of high value orientation and value proposition
- Building innovation capacity
- Sustainability and social responsibility
- Efficient and effective processes (e-business systems, lean, 6-sigma, etc.)

In the Indian context, the next generation of MSMEs will emerge from among enterprises that maintain a keen focus on improving their competitiveness by investing in state-of-the-art technologies, systems, human resources and global best practices.

The current global recession has also sparked off a debate on how the enterprises would deal with periodic economic cycles. The chapter on

‘Dealing with Economic Cycles: How to Adapt’ serves as a mini ready-reckoner for small enterprises while preparing a plan to deal with economic cycles.

It is widely known that dealing with an uncertain economy is never easy, especially for small businesses. Unlike their larger counterparts, small businesses rarely have the wherewithal to monitor and take corrective action for every trend. And even those who have weathered numerous business cycles cannot say for sure that they will easily tide over the next trough as every business cycle presents a new set of challenges to be overcome.

While there is no established way to accurately predict the economic cycles, small business owners could take certain steps that will help their enterprises endure the worst of times, and position them for success when conditions look up.

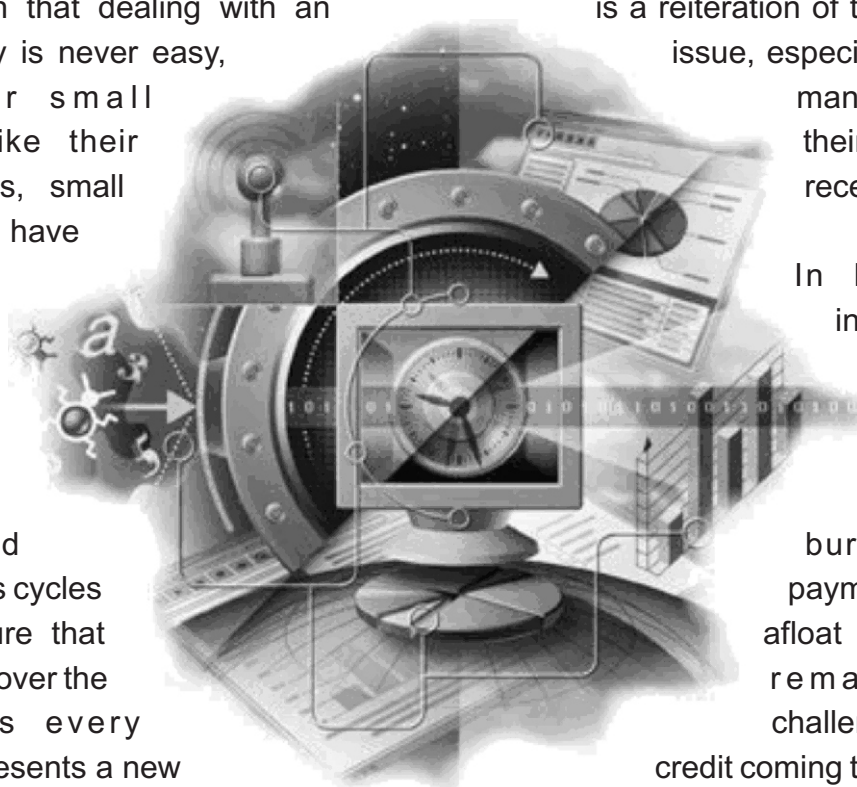
Good house-keeping and robust relationship management will help the MSMEs to manage the trough and leverage the opportunities in a boom period, but they cannot be expected to battle the vagaries of economic cycles on their own. Government interventions are of crucial importance in such situations. The chapter provides an overview of these essential linkages.

Credit flow is key to any business. However, MSMEs everywhere are faced with myriad difficulties while accessing lines of credit or other financing options. The chapter on ‘Capital Requirements: Financing Options & Innovations’ is a reiteration of the criticality of this issue, especially in the event of many MSMEs losing their markets to the recession.

In India, the RBI-initiated bank rate cuts had somewhat reduced the Indian MSMEs’ burden of interest payments, but staying afloat in business has remained a major challenge with little or no credit coming their way. There is a need for concentrated efforts on the part of government and banks to make available robust traditional and innovative financing options for MSMEs.

At one time, non-banking finance companies (NBFCs) were seen as alternative financing sources for Indian MSMEs. However, with many of the NBFCs going out of business owing to stringent lending norms, small businesses find it difficult to obtain finance for building their working capital.

Apart from bank credit, MSMEs also need access to risk capital to finance both start-up and expansion activities. Also, at the core of MSME financing is the need for an efficient rating system.



In time, with adequate financial and technological support, a large number of MSMEs would be robust enough to successfully participate in the global value chain. The chapter on 'Integrating with the Global Value Chain' underlines the opportunities and challenges in this regard.

AS such, MSMEs have always been an integral part of the global production process, as key suppliers of intermediate goods to the large enterprises, but their role was restricted to being in the background with limited opportunities to move up the global value chain. But, the rapid fragmentation of the global production chain has opened up significant opportunities for the MSMEs located in different parts of the world to climb up the value chain.

Today, new niches for the supply of products and services are continuously emerging as a result of the fragmentation of production. Small firms could indeed quickly position themselves at vantage positions in the value chain by exploiting their flexibility and ability to move fast.

However, such advancements would be possible only if the enterprises have continually invested in new technologies, R&D, innovations and ICT

adoption. The chapter on 'Investing in Technology Upgradation, ICT Adoption, R&D & Innovation' is an exposition on the opportunities and threats in this respect.

Current trends indicate that the majority of MSMEs around the world, and in particular the developing countries, have to deal with technological obsolescence that seriously undermine their competitiveness in the domestic and global markets. Lack of financial wherewithal and limited access to information on new technologies and innovations have limited the progress of most MSMEs, leaving them at the bottom of the heap.

The Indian experience is no different. The majority of the 13 million MSMEs follow archaic production processes and with little technology support. The bulk of them are not even connected with the Internet or have little understanding of the many benefits that e-commerce could fetch them.

The India Global Summit is a great opportunity for all stakeholders in the MSME universe to debate and discuss the key issues and come up with a vision for the future.

BUILDING THE NEXT GENERATION MSMEs

Micro, small and medium enterprises (MSMEs) make up nearly 99% of all enterprises globally and account for the bulk of the world's economic output and private sector employment. So, the current global economic recovery, to a great extent, will be influenced by the performance of MSMEs in different parts of the world.

MSMEs by virtue of being small and nimble have the capacity to respond quickly to new growth opportunities. An enabling policy environment buttressed with easy access to credit and appropriate technologies could a long way toward making them function collectively as the growth engine of the global economy.

While, the world's attention is currently focused upon fertilising the greenhoots of economic recovery, with several governments extending economic stimulus packages to industry including those to the MSME sector, the growth and sustainability of the global MSME sector would hinge on the rise of a new generation of MSMEs that is technologically-advanced and globally competitive.

For this, governments and industry around the world would need to make collaborative efforts to create conducive eco-systems for MSMEs within countries and across regions. An ideal eco-



system would be one that facilitates for the entrepreneurs easy and innovative financing options, access to appropriate and affordable technologies, steady supply of trained manpower, branding, marketing and distribution support systems, standard quality assessment tools and efficiency metrics, stable regulatory norms and socio-political stability.

Certain initiatives in this direction are already visible, such as, the FutureSME project which was initiated in January 2009 by a trans-European consortium to develop a manufacturing and business model for small and medium enterprises in a four-year period. This project, supported by the EU and driven by industrial companies and networks throughout Europe, has been designed to develop practical strategic and operational tools to enable small companies survive and thrive in the evolving competitive environment. It will develop a total transformation process for companies, involving a range of new systems, productivity tools, change management processes, leadership development, collaboration and communication processes.

In another part of the world, in Africa, South-African based company GroFin has partnered with Shell Foundation to create the "GroFin Africa Fund" that assists MSMEs in the under-served sub-Saharan African countries.

These firms often struggled to grow because of a lack of access to capital and business development assistance, and as a result, Africa missed out on a significant engine of economic growth. The GroFin Africa Fund is attempting to plug the 'missing middle' – a gap that exists between micro-finance, which tends to cater for informal entrepreneurs needing less than \$50,000, and commercial banks and private equity, who prefer to finance larger companies which require over \$1 million.

The fund has also encouraged budding entrepreneurs to enter the fray with innovative ideas, which form the plank for next generation MSMEs. It is through an initiative like this that an eco-system evolves which supports the growth and development of a whole new generation of entrepreneurs, some of whom would scale up as large enterprises, while many others go on to develop disruptive technologies that contribute to the welfare of society at the grassroots level.

Innovative ideas notwithstanding, the long-term sustainability of the next generation of MSMEs would depend on the business models they adopt. While, each kind of business would need a unique model to be developed, the entrepreneurs may be well advised to keep in view certain broad objectives, such as:

- Creation of high value orientation and value proposition
- Building innovation capacity
- Sustainability and social responsibility
- Efficient and effective processes (e-business systems, lean, 6-sigma, etc.)

However, the best of business initiatives may come off the wheels in the absence of adequate policy support. So, government support would be needed in areas like physical infrastructure and credit flow. The enterprises themselves would need to focus upon driving in-house leadership, managerial capacity, and skills and knowledge.

These initiatives would pave the way for young entrepreneurs to make forays into the traditional manufacturing sectors as well as new and emerging fields like life sciences, nanotechnology, bioinformatics, and so on.

Life sciences, for instance, throw up significant business opportunities for MSME activities. And, certain initiatives have been taken globally to encourage MSME participation in this area. The 'SMEs go Health', for instance, is an initiative that supports the successful participation of research centers, universities and innovative SMEs in EU-funded health research projects. Under this programme, suitable SMEs are able to find project partners, build or participate in European R&D projects.

In the Indian context, the next generation of MSMEs will emerge from among enterprises that maintain a keen focus on improving their competitiveness by investing in state-of-the-art technologies, systems, human resources along with introducing best global practices. They will need to concentrate on quality products that would be internationally competitive at a comparable price, to face the competition from within and outside.

To cope with the rapidly changing market scenario and intense competition, these MSMEs need to form strategies to develop capacities and competencies, an effective method to assess customer needs and continually re-evaluate their organisational functions. Moreover, clarity of vision is needed, which is somewhat a challenge for MSME players.

At a macro-level, for the Indian MSMEs, the challenge lies in:

- Identifying and finding customers
- Developing effective branding and cost-effective marketing methods
- Finding and retaining talent, sourcing specialised skills and training the workforce
- Developing strategic planning tools to anticipate uncertainties, increase competitiveness and build a realistic vision for the business, and achieve operational efficiency tools and logistics solutions
- Adopting new hardware and software solutions to improve efficiency and implement innovative business ideas
- Financial planning and finding solutions to the age-old problem of credit, like credit ratings, risk mitigation and new financing avenue

- Discovering new avenues like social and environmental entrepreneurship to work towards a sustainable future.

Globally, building the next generation of entrepreneurs will also depend on the quality of people taking up the initiatives. James Tuckerman, founder of magazine Australian Anthill, makes an interesting point on the evolution of Australia's SMEs. "10 years ago, you were talking about the bulk of people launching and starting new businesses probably being in their 40s, now they're in a context where they are either in their mid-30s or late 50s. In 10 years' time, you can imagine the 59s will be 69, the 35s will be 45 and the 23s will be 33. What we're encountering here is an SME market that's getting younger, and it's getting younger rapidly."

As stated earlier, the global economic recovery will revolve around the performance of the MSMEs. The moot point is, have governments and industry done enough to create an ecosystem that supports the growth of the current crop of MSMEs as well as encourage the entry of a new generation of entrepreneurs who will take the global economy to the pinnacle of growth.

DEALING WITH ECONOMIC CYCLES: HOW TO ADAPT

Dealing with an uncertain economy is never easy, especially for small businesses. Unlike their larger counterparts, small businesses rarely have the wherewithal to monitor and take corrective action for every trend. And even those who have weathered numerous business cycles cannot say for sure that they will easily tide over the next trough as every business cycle presents a new set of challenges to be overcome.

While there is no established way to accurately predict the economic cycles, small business owners could take certain steps that will help their enterprises endure the worst of times, and position them for success when conditions look up.



At a micro-level, this calls for efficient house-keeping activities and relationship management. A few suggested measures are:

- **Good relations with creditors:** Overdue bills and inconsistent payment practices will not help any business. Any flexibility in this regard will hinge on the entrepreneur being perceived as a reliable partner.
- **Close watch on receivables:** Entrepreneurs would be well advised to follow up with whoever owes their firm money and make sure they are meeting their terms. It is good to be firm when dealing with problem accounts, but one should be prepared to negotiate where appropriate. It may take only a matter of months for a struggling customer to become a highly stable source of income.
- **Justify every expenditure:** Money may be redirected to areas that will enhance the firm's business performance. At the same time, if there is an inventory of products, constant checks would be needed to check the status and prevent losses. It may also be helpful to adjust the order amounts with the projected sales.
- **Review operations:** The profitability should be monitored on a monthly basis in the normal course, but on a weekly or biweekly basis
- **Consult the bank:** Lenders are known to have vast experience in doing business through different economic cycles and can advise the entrepreneurs on issues specific to their business and industry. Based on this advice, a line of credit may also be planned to tide over an anticipated downtrend.

during an economic slowdown. Monthly or quarterly reviews will make it easier to make adjustments and keep the business on track.

- **Step up marketing efforts:** Many businesses mistakenly see marketing as a luxury when money is tight. The fact is that a slowdown is the right time to make the most of marketing. Along with reassuring the current customers, marketing can help to establish a reach in new markets that will sustain the business for the present and the future.
- **Referrals from satisfied customers:** Satisfied customers will not necessarily promote your business to other people, but they are usually very helpful when requested to assist with a few referrals. It does not need to be a cumbersome process.
- **Shop for the best deals:** Firms should call for quotes from competitive suppliers to ensure that the best deal comes through and there is value in the purchase.

While the house-keeping and relationship management exercises will help the MSMEs to manage the trough and leverage the opportunities in a boom period, they cannot be expected to battle the vagaries of economic cycles on their own. Government interventions are of crucial importance in such situations. So, at the policy level, the support called for in a difficult economic period would be:

- **Timely access to finance:** SMEs tend to lose access to liquidity in times of credit crunch. As credit becomes scarce and expensive, investments have to be put off, working capital reserves cut and workers taken off the roster.

Bankruptcies too rise. To avert such situations, MSMEs should be given timely access to sufficient guarantee schemes including working capital.

- **No tax increases:** Any tax increase in a tight economy would necessarily lead to more burden on the small entrepreneurs. Instead, governments ought to consider intervening with growth stimulus packages, as has been done in India in the recent months.
- **Support to keep employment levels stable:** MSMEs are in general reluctant to lay off workers compared to their larger counterparts. Small entrepreneurs value their staff and their competences, which are so difficult to find in the present labour markets. However, they need support throughout the crisis to continue in this responsible behaviour in terms of flexible working arrangements, temporary unemployment benefits as well as measures for staff training and requalification. Labour market reforms will make it easier for the small enterprises to optimally use their manpower resources without infringing the welfare of the workers.
- **Contractual labour:** Market instruments, such as, short term employment schemes or “part time work” or other types of partial unemployment, is crucial to keep workers employed and avoid redundancies. These instruments can protect employment for a limited time span.
- **Better support in case of restructuring and mass redundancies in larger companies,** both for subcontractors and other indirectly affected small businesses. SME owners and

their staff should have access to social plans and all kind of re-skilling and re-qualifying measures put in place in these cases.

- **Readjusting and making social protection systems and benefits accessible to all workers:** These “social absorbers” should notably be open to small business workers.

While the current economic recession has affected the growth prospects of most economies, its impact was not uniformly felt in all parts of the world. This was true of the MSME sectors too. Hence, different governments have come up with different kinds of initiatives to bail out the MSMEs in their geographies.

Take, for instance, the EU region. The European Council adopted in December 2008 the Small Business Act, which is a milestone – at least as regards the promises made – for SME policy in Europe. Nevertheless, the Small Business Act was developed in the good times and does not include all the needs of MSMEs in a crisis situation. The Act is therefore seen only as a starting point.

To tackle the current situation, the ECB has successfully provided the market with liquidity in order to avoid any collapses of the financial market. It has reduced three times the interest rates.

Also, the European Commission has provided a until 2010 a framework for state aid (17 December 08) which allows additional support measures during the crisis. This framework includes more guarantees (including guarantees for working capital), allows lower interest rates (both demanded by UEAPME) and allows € 500.000 aid to any company during the next two year.

In many EU countries the scope and the volume of guarantee schemes for SME loans have been extended. There are now schemes for working capital and especially countries where SME financing is dominated by private banks (Scandinavia, Finland and UK) the volume of public guarantees has to be up to tripled (FIN, SWE) respectively introduce for the first time (UK).



In the recent past there was widespread concern that viable small and medium-sized enterprises in Ireland were being forced into bankruptcy due to the twin threat of late payments and the reluctance of banks to lend. The Irish government has therefore established a new Credit Supply Clearing Group to identify specific patterns where the flow of credit to viable business appears to be blocked.

In Asia, Vietnam government has announced that it will utilise the recently announced economic stimulus package to help the country's SMEs to maintain production and boost exports this year. But local companies using loans for importing of non-essential goods or investment in real estate and securities businesses would not be eligible to receive the subsidies.

In an inter-regional alliance, the Italian and South African governments have launched an exchange programme for officers of small and medium enterprise (SME) support agencies, involving a five-week course locally followed by a visit to successful SME businesses and projects in Italy.

Meanwhile, in Australia, the Victorian Government has said it will invest \$40 million in a new programme designed to help small and medium companies commercialise new technology. The Boosting Highly Innovative SMEs (BHIS) program is part of a \$300 million innovation package announced yesterday, which also includes \$145 million to establish the new Victorian Science Agenda Investment fund for competitive innovation, science and technology grants.

The Malaysian government too has said that it will carry on its efforts to promote SMEs which

should, as per government estimates, contribute 37% in the gross domestic product (GDP) of Malaysia by 2010 as compared to 32 percent in the current financial year.

In the Indian context, the Government has been pro-active in monitoring the impact of the global economic slowdown on the MSMEs and due interventions were made to shore up business prospects in this sector. Both, Government of India and the Reserve Bank of India (RBI) have announced several measures and stimulus packages to meet the challenges of economic slowdown and to ensure speedy revival of the economy. Some of the measures announced by GoI were:

- *Additional plan expenditure, greater thrust on infrastructure*
- *Additional allocation in Technology Upgradation Fund (TUF) Scheme*
- *2% interest subventions for exports and enhancement in ECGC guarantees.*

Directions were also given to the public sector undertakings (PSUs) for ensuring prompt payment of bills of MSMEs and the sectoral credit by PSBs was being closely monitored on a fortnightly basis.

A monitoring cell for taking up unresolved issues of MSMEs with banks was also set up jointly by the Ministry of Finance (MoF) and the Ministry of MSME. RBI also announced reduction in credit reserve ratio (CRR), statutory liquidity ratio (SLR) as also repo and reverse repo rates.

Various refinance and term repo facilities were offered and liquidity was enhanced by nearly Rs 5 lakh crore. Further, banks were advised to consider restructuring of MSME loans.

Extension was allowed in the period of pre-shipment and post-shipment rupee export credit. RBI also permitted second restructuring, reduction in provisioning requirements and extended exceptional and concessional treatment to the CRE exposures. A special refinance facility of Rs 7,000 crore was extended to Small Industries Development Bank of India (Sidbi) for on-lending to MSMEs through banks, SFCs and also directly.

SIDBI on its part, sanctioned an account of Rs 4,400 crore to public sector banks, with the condition that they would grant credit to the extent of double the amount (Rs 8,800 crore) to micro enterprises with a base date of September 30, 2008.

The injection of liquidity has resulted in adequate credit being made available to MSMEs and the lowering benchmark interests by RBI rates has resulted in reduction in cost of borrowings and reducing of PLRs by the banks. Further, the exceptional or concessional treatment for

restructured cases has helped in reducing the NPA position of the sector.

With careful monitoring of the credit flow and repayments, the slippages of MSME accounts into NPA category during the last fiscal as also during the first two months of the current fiscal have been very marginal, said a report referring to Sidbi's activities. Considering the difficult phase Indian MSMEs have been through, their resilience and record of debt servicing to the banks were noted as "exemplary".

As on March 31, 2009, the outstanding credit to MSME sector by public sector banks alone was stated to be around Rs 312,000 crore, a growth of about 25% over the previous year. Thus, it may be seen that credit offtake by MSMEs had been fairly strong which may be due to a continued growth in the country's GDP.

At the macro-level, MSMEs dependent on exports such as textiles, gems and jewellery, leather, etc. have faced a slowdown due to decline in exports to the developed markets. Overall, the performance of the MSMEs, which are predominantly dependent on the domestic market, continues to be good.

CAPITAL REQUIREMENTS: FINANCING OPTIONS & INNOVATIONS

MSMEs contribute a major part of the global industrial output and employment. The importance of SMEs in the functioning of the global economy, as cited in a UNIDO report, emerges from the fact that they are by nature:

- Labour-intensive, providing more opportunities for low-skilled workers
- Correlated with lower income distribution inequality
- An important part of the supply chain for large MNCs
- Necessary for agriculture-dependent nations transitioning to an industrial- and service-oriented economy
- Excellent "beta-sites" for innovation and sustainable initiatives due to their inherent flexibility and risk-taking ability
- Provide all of these crucial benefits in developing countries despite their relatively smaller presence.

When such is the significance of the sector, there is every reason to wonder why the majority of the MSMEs world over face continued financial exclusion. The current global economic slowdown has only worsened the situation for many MSMEs that were dependent on export earnings for their sustenance. As the world markets contracted, demand fell and payments ceased, leaving several MSMEs in financial distress.

While traditional bank is the preferred financing options for MSMEs, several new avenues have

opened up over the years. In well functioning financial systems, for instance, SMEs are able to access a range of financing options as their business grows. For example, a typical SME in the US will start with a combination of personal savings, contributions from friends and family, debt from banks and potentially start up funds from angel or venture capital investors.

A research report explains that as their needs change, SMEs can access additional sources of capital, including trade finance/supplier credit, factoring, leasing arrangements, commercial debt, private equity (venture capital) and ultimately aim for an initial public offering to obtain further financing. Each of these options brings firms into contact with different financial actors and the sources of capital that are best suited to different parts of the business cycle. The ability to graduate from one form of financing to the next is critical to the company's success.

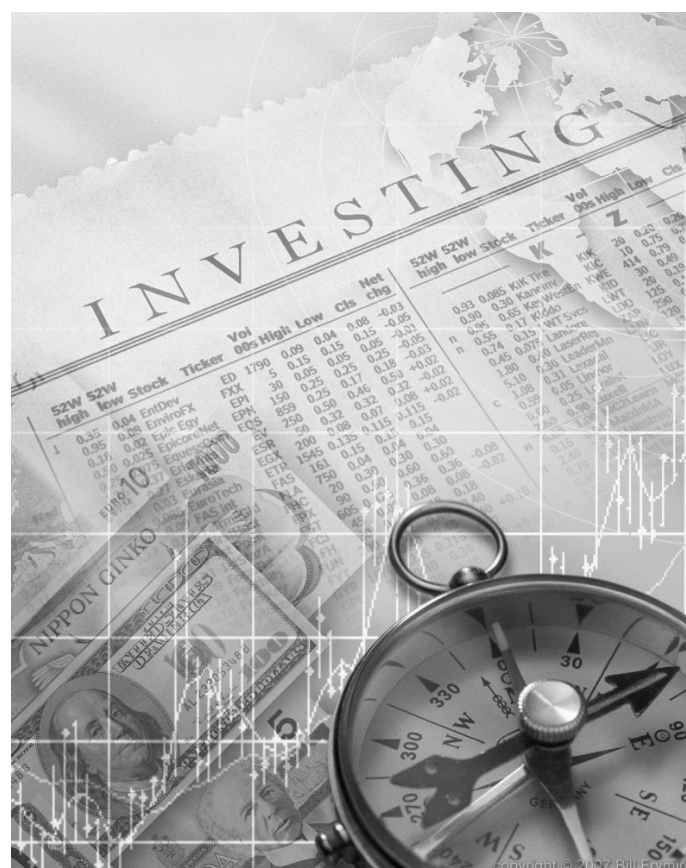
SMEs in developing countries typically operate in a less supportive environment. Often SMEs are too small for commercial lenders, and too big for microfinance institutions. Reasons for this situation are varied and include an incomplete financial institutional infrastructure, a lack of competition among local banks, restrictions on capital allocations by local investors, or macroeconomic policies that emphasize government debt. The lack of familiarity of banks with business opportunities in the SME sector,

perceived risk, high transaction costs and asymmetrical information pose additional difficulties, compounded by lack of credit scoring mechanisms and experience with relationship lending – lending based on a close, long-term bank-borrower relationship. For providers of risk capital, the historically poor market for exit and low shareholder protection mechanisms are impediments to investment in developing countries.

This combination of factors creates few incentives for banks and other financiers to expand their products and services targeted at SMEs. The situation is particularly difficult in rural areas and product sectors in which most sustainable SMEs operate because there are high sunk costs and unproven markets with which to contend.

In terms of private equity in the emerging markets, recent trends suggest that there is increasing interest among investors, both domestic and international, to place private equity investments in emerging markets. The foreign capital flows are driven by a number of factors, including the increasing allocations to alternative assets generally, greater understanding of the opportunities that emerging market firms present for investors, the existence of local co-investors which creates greater opportunities for exit or trade sale, and government policies that create improved financial stability.

In addition to increased international flows, in many emerging markets, there is also a growing pool of local capital that is seeking out alternative asset classes, including private equity. With changes to macroeconomic policy making



government bonds less attractive and growing pools of local savings through shifts to pension policies, local institutional investors are looking for ways to maintain returns and diversify their portfolios. There is also growing awareness of the virtuous cycle that is created for economic development through well-functioning financial markets and the need to harness local savings to contribute to facilitate market development.

In India, many large Indian companies, which are among the most important customers for MSMEs, began to delay or default on payments. The RBI-initiated bank rate cuts somewhat reduced the Indian MSMEs' burden of interest payments, but staying afloat in business has remained a major challenge with little or no credit coming their way.

Hence, there is need for concentrated efforts to make available robust traditional and innovative financing options for MSMEs.

At one time, non-banking finance companies (NBFCs) were seen as alternative financing sources for Indian MSMEs. However, with many of the NBFCs going out of business owing to stringent lending norms, small businesses find it difficult to obtain finance for building their working capital.

Apart from bank credit, MSMEs also need access to risk capital to finance both start-up and expansion activities. Also, at the core of MSME financing is the need for an efficient rating system.

From the bankers' perspective, with the introduction of Basel II norms stipulating that funding of firms by banks must be linked to ratings by independent agencies, banks can now justifiably claim to have a well-researched rule of thumb for initial filtering of SME loan-seekers.

Many bankers even insist that those small enterprises that do not necessarily come under the purview of Basel-II must also get their ratings. Considering the fact that credit accessibility is the sore point of the SME sector, the impact of compulsory rating on credit deserves careful scrutiny.

Further, SMEs mostly operate under hard budget constraints, whereas the credit rating imposes additional costs. In the normal course, a high credit score should improve the chances of securing external finance and boost the

confidence of the entrepreneur since a high score essentially confirms the soundness of the firm's internal systems and processes. But, the past trends have shown that a good rating by itself does not ensure investment, because rating is not a recommendation to invest. Actual investment decision depends upon the combination of various factors including credit history, pricing, innovation, market volatility, etc., and both the creditor and the borrower must come to an agreement regarding structuring, monitoring or enforcing the exchange.

Venture capital is another option for the small entrepreneur, especially in the new and emerging business sectors. However, current trends indicate that the majority of venture funds go towards existing companies and barely anything for new ventures. As a result, a new entrepreneur has very few financing options to work with.

Industry experts say risk capital flow to new MSMEs is restricted due to (i) a high perceived risk, (ii) lack of understanding of MSME sector, (iii) lack of a defined exit route, and (iv) the absence of an MSME trading platform in many countries (cost of listing on national exchanges is prohibitive).

Reserve Bank of India (RBI) has taken certain steps to augment the bank credit flow of Indian MSMEs. As a result, credit flow to the domestic MSMEs doubled from Rs 1,27,000 crore in 2006-07 to Rs 2,57,000 crore in 2008-09. In 2007-08, credit flow to the sector was Rs 2,13,000 crore.

Even as the financing options are gradually opening up for the MSMEs, for the entrepreneurs

the real challenge would be come up with bankable proposals that attract and embolden banks to lend to them. Governments and industry could consider initiating training programmes and counseling for MSMEs in this respect on the lines proposed by Manila-based Association of Development Financing Institutions in Asia and Pacific (ADFIAP), a group composed of 108 development financing institution (DFI) members and Geneva-based International Trade Center (ITC).

ADFIAP is creating the first Asian regional SME Finance and Knowledge in Manila for training and financing SMEs. The SME regional hub is expected to stimulate economic growth and provide opportunities for training and credit for the sector.

The regional hub aims to build the capacity of trade support institutions and SMEs, which would result to easier access to finance. The centre is expected to produce country-based trainers that would train and coach SME managers on sound financial management practices.

MSME units that have set up better accounting/financial reporting systems are well positioned to take advantage of available opportunities in the financial markets. In addition, a sound business plan and well-articulated strategy would go a long way in convincing the lenders and other stakeholders to take a positive view of the enterprise.

While the subject of finance availability for MSMEs is often discussed keeping in view the bottlenecks in the credit flow, it is also equally important to examine the inherent weaknesses in the MSME sector that hinder the flow of credit. Three key constraints that may be highlighted in this regard are the:

- Existence of marked informational asymmetries between small businesses and lenders, or outside investors
- Intrinsic higher risk associated with small-scale activities
- Existence of sizeable transactions costs in handling SME financing.

Informational asymmetries are always present in enterprise financing transactions as the entrepreneurs typically possess privileged information on their businesses that cannot be easily accessed by prospective lenders or outside investors. This leads to two problems. First, the lender/investor may not be able to differentiate adequately between 'high quality' and 'low quality' companies and projects. In that case, price variables (i.e. interest rates) may not work well as a screening device, because high interests may lead to an excessively risky portfolio (the 'adverse selection' problem). Second, once the lenders/investors have supplied the funding, they may not be able to assess whether the enterprise is utilising the funds in an appropriate way (the 'moral hazard' problem). To mitigate these problems, bankers and outside investors may adopt precautionary measures, such as requiring that financing be collateralised. To avert this risk, they often turn down the request for financing.

This problem is often aggravated by the low level of education of small entrepreneurs, who may not be in the position to adequately articulate their case. This problem is particularly acute in developing countries. The information supplied to bankers and outside investors by family-owned SME is often not fully accurate and realistic, and opaque behavior may prevail. Under these conditions, outside financiers tend to adopt a very

cautious attitude towards SME, and either reduce the amount of financing sought or refuse it altogether.

Also, suppliers of external funds regard SME as riskier enterprises for a number of reasons. First, SME face a more uncertain competitive environment than larger companies—they experience more variable rates of return and higher rates of failure. Second, SME are comparatively less equipped in terms of both human and capital resources to withstand economic adversities. Third, there is the problem of inadequate accounting systems, which undermines the accessibility and reliability of information concerning profitability and repayment capacity.

Further, regardless of risk profile considerations, the handling of SME financing is an expensive business. The cost of appraising a loan application—or of conducting a due diligence

exercise in view of a possible equity investment—is largely independent from the size of the financing under consideration.

Here again, the problem is more severe in developing countries for the following reasons: (i) the lack of adequate management information systems in financial institutions; (ii) the undeveloped state of the economic information industry; and (iii) the poor state of certain public services, such as the registration of property titles and collaterals.

Looking ahead, the growth and development of MSMEs will continue to depend on the availability of quality financing options – debt and equity. However, while evaluating the parameters for enhancing the fund flow, it would be important to assess both the demand and supply side of credit for MSMEs.

INTEGRATING WITH THE GLOBAL VALUE CHAIN

MSMEs have always been an integral part of the global production process, as key suppliers of intermediate goods to the large enterprises, but their role was restricted to being in the background with limited opportunities to move up the global value chain. But, the rapid fragmentation of the global production chain has opened up significant opportunities for the MSMEs located in different parts of the world to climb up the value chain.

Today, new niches for the supply of products and services are continuously emerging as a

result of the fragmentation of production. Small firms could indeed quickly position themselves at vantage positions in the value chain by exploiting their flexibility and ability to move fast.

Moving up the global value chain presents unprecedented opportunities for the MSMEs, such as:

- **Internationalisation of operations:** SME suppliers will be able to access global markets at lower costs. Firms that have successfully integrated with one or more value chains would be able to expand their business and gain stability.
- **Specialisation:** Small firms that focus on multipurpose technologies could secure their position in the market by becoming specialised suppliers serving different global

value chains. Specialised and niche market SMEs could also leverage key assets from their lead partner, namely reputation. SMEs increasingly choose to outsource, even offshore, non-core activities when this allows them to gain competitiveness from rationalisation of production and optimisation of resources allocation.

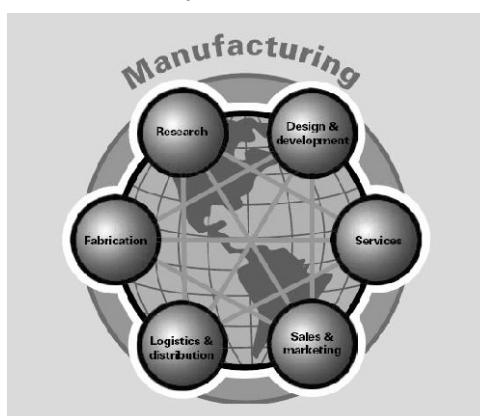
- **Upstream / downstream integration:** Co-operation with partners upstream and downstream improves the small firm's efficiency. This is due to the substantial

benefits in terms of information flow, technology transfer and learning opportunities.

- **Adoption of new technologies:** To operate successfully in the global value chain, MSMEs would be called upon to adopt new and appropriate technologies that strengthen their global competitiveness.

While the opportunity to participate in the global value chain necessarily brings rich dividends, there are many obstacles to be overcome in the process. A cursory look at the main obstacles suggests the following:

- **Lack of awareness and understanding of the structure and dynamics of global value chains:** MSMEs in general are not sufficiently informed about the functioning of the global



value chain. As the MSMEs serve very different industries, each with its unique value chain, there is limited knowledge sharing about the structure and dynamics of the overall global value chain and the best practices. Reports say the majority of MSMEs across different industries are not able to identify their own competitive strengths within the value chain, nor do they fully understand that this identification is important to optimise their participation in global value chains.

- **Limited wherewithal to upgrade, protect in-house technology, and to innovate:** Most MSMEs do not have the critical resources necessary to support adequate R&D costs, training of personnel, etc.. Lack of working capital is also indicated as an obstacle, in particular when faced with delayed payments from international partners.
- **Limited capabilities to meet strict product and service standards for participation in global value chain:** MSMEs in general also find it difficult to meet the stringent product and service standards followed in the global value chain.

Reports have also cited that to move up the global value chain, MSMEs would need to take-up larger and more complex set of tasks, which may range from contributing to product development and organising and monitoring the network of sub-suppliers (as in the automotive industry) to introducing organisational or marketing innovations (especially in the tourism and cinema industries).

The lack of managerial capacity to deal with the complexity of the issues at stake plays against their possibility of responding in a timely and effective manner to the challenges of globalisation.

From the MSME perspective, their positioning in the global value chain would depend on the support extended by their respective governments. The policy support is sought in the following ways:

- **Awareness building:** Many MSMEs that are used to serving local markets may find it difficult to gain a good understanding of the advantages and potential of subcontracting for foreign customers. Although the diffusion of ICT has made market intelligence easier for SMEs, their limited resources and lack of managerial capacities still hamper accurate information and analysis on the opportunities inherent in foreign markets. Governments could play a key role in introducing awareness building programmes for the small entrepreneurs to understand the dynamics of the global value chain.
- **Supplier financing:** Gainful participation in value chains often requires substantial investments to acquire or develop superior production technologies and logistics systems, invest in human capital, or certify newly required standards. Moreover, suppliers normally receive incoming payments from their customers several weeks or even months after the delivery of orders, and contract enforcement and collection of payments may be a significant challenge for an SME. Policies aimed at ensuring confidence in SMEs accounts receivables and facilitating SME financing

can help small subcontractors overcoming liquidity problems.

- **Technology upgradation:** Adoption of new technologies is critical for MSMEs to capture more value added from participation in global value chains. Policies in this area should aim to support training and capacity building via skill development programmes; to promote partnerships between MSMEs and organisations overseas that can develop or transfer technology, products, processes or management practices; and to facilitate the technological upgrading through various financial schemes, such as credit lines for upgrading.
- **IP protection:** The insufficient protection of intellectual property rights of MSMEs in international markets has harmful effects on those small subcontractors that experience unfair behaviour by their customers. The negative impact is twofold. In addition to the direct damage created by deceptive business practices, small firms' incentives to innovate may be reduced if appropriation of economic benefits is threatened. Governments should consider including provisions for technology transfer from small subcontractors to MNCs within the context of the OECD Guidelines for Multinational Enterprises (MNEs).
- **Facilitation of compliance procedures:** The adoption of product and process standards has several well-known benefits for firms. It enables them to introduce new technologies and integrate business practices that ameliorate their overall performance. However, different and concurrent standards can become barriers to transmission of information and to trade. Also,

the costs of compliance to required standards are proportionally too high for small firms. Governments should ensure that national certification systems do not impose an excessive burden on small firms and encourage SME participation in the standard-setting process.

- **Promotion of skills development:** MSMEs are often constrained by lack of adequate trained manpower, which blunts their effort to compete globally. Government-initiated certified skills development programmes could help these enterprises to find the right talent.
- **Industrial clusters:** Cluster initiatives allow for economies of scale and agglomeration, and also help develop an experienced local pool of skilled labour and a network of firms cooperating in complementary areas of specialization. By doing so, they strengthen their comparative advantages in a sustainable manner and become attractive sites for quality FDI. In many cases, the presence of MNCs becomes crucial to integrate clusters into global value chains, and to strengthen their export capacity from the point of view of production and distribution.

Governments around the world are now increasingly conscious of the critical role that MSMEs play in powering their respective economies. With globalisation, the majority of the MSMEs would be called upon to successfully participate in the global value chain. Timely government interventions and promotional efforts will go long way to position the MSMEs at vantage positions in the value chain.

INVESTING IN TECHNOLOGY UPGRADATION, ICT ADOPTION, R&D & INNOVATION

The majority of MSMEs around the world, and in particular the developing countries, have to deal with technological obsolescence that seriously undermines their competitiveness in the domestic and global markets. Lack of financial wherewithal and limited access to information on new technologies and innovations have limited the progress of most MSMEs, leaving them at the bottom of the heap.

The Indian experience is no different. The majority of the 13 million MSMEs follow archaic production processes and with little technology support. The bulk of them are not even connected with the Internet or have little understanding of the many benefits that e-commerce could fetch them.

But, there are many initiatives both in the public and private sectors for promoting technologies in the MSME sector. For instance, the Bangladesh Institute of ICT in Development (BIID) has recently launched an online market place for MSMEs to offer market linkage facility and provide information and advisory services. MSMEs will get access to this service by using telecentres established all over the country, specially in the rural Bangladesh.

The portal will facilitate rural businesses e.g. artisans, traditional craftsmen etc. and also promote MSME business by providing information and advisory services such as banking advice, how to set up and operate a business, how to access finance, sourcing and

input information, technology information, etc. Businesses will be able to access this portal through telecenters or from any internet enabled access point.

To help MSMEs enhance their competitiveness using IT in an environment where they are being attacked by imports, CII's national committee on IT, ITES and e-commerce is working on a programme to improve ICT penetration in the MSME segment.

A firm can innovate on different levels – inputs, processes or market facing. Input level innovation relates to inputs that are brought into the firm -- talent, capital, technology, etc. Process level innovation relates to firms' internal processes -- human resources, service delivery, sales etc. Market facing innovation relates to a firm's markets -- new products and services, customer segments etc.

Innovations along the inputs and process dimensions are efficiency oriented and replicable and hence often do not result in sustainable competitiveness. Achieving high growth rates consistently will require the SME firms to relentlessly focus on market facing innovations. Success along the market facing innovation dimension requires the most investment and carries the highest risk, but also delivers the greatest returns.

With no off-the-shelf prescriptions available, each firm will have to define its own innovation

roadmap and some suggestions which may be considered are presented below.

Global case studies have shown that even SMEs can demonstrate tangible benefits of effective ICT deployment and improvements as high as 32 % in inventory carrying cost, 20% in order management cycle time and 12% in procurement, resulting in double digit percentage improvements in on-time delivery revenue and profit.

A CII study has shown that the present need for lowering the cost of ownership and initial investment, by creation of a cluster where MSMEs can use the resources as per requirement, pay-as-per-use of subscription and spend as they growing increasing. The more the members of the clusters, the better the chance to break even on the initial investments. In CII's discussions with the government, the SaaS model, which is usually centrally hosted and accessed as per requirement has been advocated as the best solution to serve the needs of this large and important sector of the Indian economy.

CII has already done significant work in many regions to develop the concept of cluster and certain common services including sharing of best practices in areas ranging from procurement and distribution processes to quality assurance have already been put in place for some homogeneous clusters.

The approach that has been advocated is to IT-enable hundred clusters in two phases with the first part including implementation of four clusters in identified zones and industries. This will require almost complete sponsorship by the government to ensure there is a successful rollout of clusters and a demonstration of its success in focused areas. The second part will entail implementation of the next ninety-six clusters, which will have similar stakeholders but with distributed ownership of implementation and deployment.

The stakeholders in this cluster approach to IT deployment for SMEs are the Government of India through the Ministry of Micro, Small and Medium Enterprises as principal sponsors; CII as mentor of this cluster implementation across the country; the system integrators (SIs) who will be the consulting organizations, providing technology service bringing in the necessary expertise, experience, and consulting; the software and hardware and communication equipment providers who should have the capability and the willingness to adapt their approach from a single client sell and install method to a cluster service center host and support model; and finally the MSMEs who as users will avail the benefits of the clusters by making their own share of investment.

The Indian Government has been focused attention on promoting the technological upgradation of MSMEs by setting up dedicated funds and schemes and through assistance for obtaining quality certifications. However, the onus lies on the individual enterprises to avail of

the schemes and benefits and adopt the right technology.

It is pertinent to note that the Sub-Group of the Prime Minister’s MSME Task Force recently formed in India has urged the Government to facilitate, incentivise and support technology transfer to the MSMEs. Government research and development (R&D) institutes have also been invoked to channel appropriate and affordable technologies to the MSMEs.

The group has been suggested that a cluster approach would help many MSMEs to manage the relatively high cost of technology upgradation. Also, the existing mechanism of providing training through industrial training institutes (ITIs) and polytechnics needs to be strengthened. Along side, the MSMEs themselves are testing technologies that will help them to move up the value chain.

Recent trends indicate that MSMEs are indeed warming up to new technologies, especially in the IT spectrum, to boost business. They are interested to leverage the Web technologies to reach people and markets beyond their immediate circle but quite often they are unaware of how to go about it.

Yet, a greater number of MSMEs are reportedly entertaining thoughts of adopting IT tools to improve their productivity levels and quality standards. A recent media report cited that Indian SMEs are investing in new technologies to survive, compete and thrive when the economy improves.

However, there are many hurdles that MSMEs have to overcome before transiting to the level of a tech-driven enterprise. At the outset, these enterprises are seen to have difficulty in engaging highly trained manpower. A report says that though India is regarded as one of the global IT hubs, few MSMEs can go forth and hire a credible IT professional.

At the same time, since many of the MSMEs have been set up non-technical people, they often do not have the background to appreciate the benefits of adopting affordable and appropriate technologies.

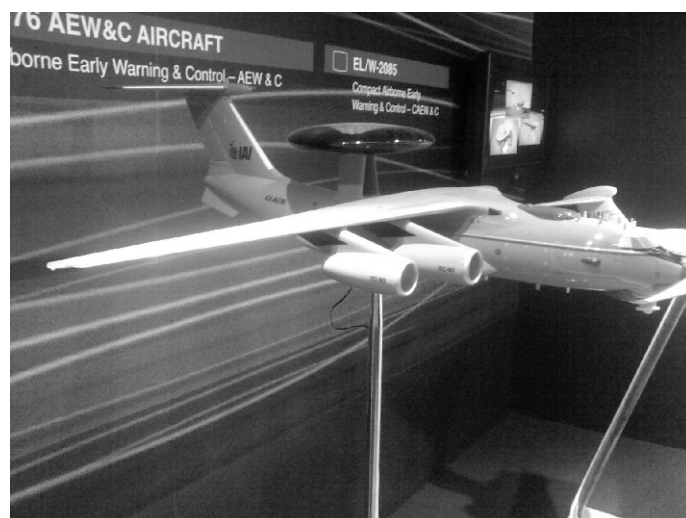
Government of India has launched a variety of schemes to assist the MSMEs to adopt new technologies and to upgrade their production processes. The Technology Upgradation Fund (TUF) scheme, for instance, was formed to encourage the small enterprises to avail of funds to sponsor their in-house technology upgradation initiatives. But the scheme is limited to only a few sectors and hence the impact is not apparently widespread.

At a glance, the key technology schemes that are underway or in the pipeline are:

- **Technology and Quality Upgradation Support to MSMEs (TEQUP):** The National Manufacturing Competitiveness Council (NMCC) developed a National Manufacturing Competitiveness Programme (NMCP) to support MSMEs in their endeavour to become globally competitive. TEQUP has been conceptualised as a component of NMCP. The objective of the scheme is to sensitise the MSMEs in the manufacturing sector to upgrade their technologies, use energy efficient technologies to reduce emissions of

greenhouse gases, improve their quality and reduce cost of production etc. towards becoming globally competitive.

- Promotion of Information & Communication Technology (ICT) in Indian MSME Sector:** This programme is currently under consideration. Under this, MSME clusters with high quality production and export potential shall be identified, encouraged and assisted in adopting ICT application to achieve competitiveness in the national and global markets. The broad activities planned under the scheme include identifying target clusters for ICT intervention, setting up of e-readiness infrastructure, developing web portals for clusters, skill development of MSME staff in ICT application, preparation of local software solution for MSMEs to enhance their competitiveness, construction of e-catalogue, e-commerce etc., and networking MSME cluster portal with a national level portal to outreach MSMEs into global markets.
- Design Clinics Scheme:** The main objective of the Design Clinic would be to bring the MSME sector and design expertise on a common platform, to provide expert advice and solutions on real time design problems, resulting in continuous improvement and value addition for existing products. It also aims at value added cost effective solutions. The broad activities planned under the scheme include creation of design clinics centre along with four regional centres for intervention on the design needs of the MSME sector. Further, these centres will have linkages with engineering, management, design institutes of the country. The scheme



will be implemented in a Public Private Partnership (PPP) Mode. The scheme is under final stage of approval.

- Marketing Assistance and Technology Upgradation Scheme for MSMEs:** The broad activities planned under the scheme include technology upgradation in packaging, skills upgradation/development for modern marketing techniques, competition studies of threatened products, special components for North Eastern Region (NER), identification of new markets through state/district level, local exhibitions/trade fairs, corporate governance practices, marketing hubs and reimbursement to ISO 18000/22000/27000 certification. The scheme will be implemented in a Public Private Partnership (PPP) Mode. The scheme is under final stage of approval.

The MSME sector has a key role cut out in the current process of economic recovery. The adoption of appropriate and affordable technologies will enable the manufacturing MSMEs to scale up their competitiveness in the world markets and develop into large industrial houses.

CONCLUSION

It may be said in conclusion that the global economic recovery will depend to a great extent on the performance of the MSMEs everywhere hereon. This is true not just of the developing countries, but also of the developed world.

While governments have the prime responsibility of ushering in policies that spur the growth and development of MSMEs, industry has a key role cut in providing the essential technical and financial support and linkages to take the MSMEs to the next level of growth.

It is out of these partnerships that the next generation of MSMEs will evolve and take the vantage positions in the global value chain. This in turn will call for huge knowledge sharing and collaborative efforts.

The increasing globalization will also mean that the MSMEs will have little choice in regard to quality of their products and services. Globally accepted quality norms will necessarily have to become second nature to these enterprises. To achieve this, various capacity building initiatives will need to be conceptualized and designed.

Above all, the MSMEs would need to be quipped with the management expertise to monitor the business and economic cycles and be in a high state of preparedness to manage the vagaries of a downtrend and leverage the opportunities that a boom time presents.

附件 4：會議剪影



主協辦單位代表及專題報告人合影



Mr. Salil Singhal – CII



本處代表劉技士克章



Mr. Pius Prakattil – P&G



Mr. Sanjiva Dubey — IBM Global



本處代表劉技士克章與其他與會者交流



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