Policy for Medium Enterprises

Prelims: Public policy| Government Initiatives | Current events of national and international importance.

Why in news?

Recently, NITI Aayog released a report titled "Designing a Policy for Medium Enterprises", to transform medium enterprises into future growth engines of India's economy.

- **MSME Sector** – It plays a crucial role in manufacturing, exports, and employment.
  - It contributes **29% to India's GDP**.
  - It employs **over 60%** of the country's workforce.
  - It accounts for approximately **40% of India's total exports**.
- Recently central government has revised the definition of MSME to expand their reach and strengthen their contribution to India's economic growth.

Rs. in Crore	Investment		Turnover	
	Current	Revised	Current	Revised
Micro Enterprises	1	2.5	5	10
Small Enterprises	10	25	50	100
Medium Enterprises	50	125	250	500

- **Distribution of MSME**
  - **97%** are micro enterprises.
  - **2.7%** are small enterprises.
  - Only **0.3%** are medium enterprises.
- Among these medium enterprises, are very small in number yet they show **disproportionately high export contribution**.
- **Key Challenges for Medium Enterprises**
  - Limited access to tailored financial products.
  - Low adoption of advanced technologies.
  - Inadequate support for Research & Development (R&D).
  - Absence of sectoral testing and certification facilities.
  - Mismatch between training programmes and enterprise needs.
- **Medium Enterprises** are vital to make **India as a manufacturing hub** and to overcome these challenges Niti Ayog made these recommended to form a separate policy for medium enterprises.

Key Interventions Recommended

- **Tailored financial solutions –** Launch of a **working capital financing scheme** linked to turnover with a provision of a **₹5 crore credit card facility** at market rates.
- It also recommends faster **fund disbursal via retail banks**, under Ministry of MSME oversight.
- **India SME 4.0 Competence Centers –** Upgrading Technology Centers into **India SME 4.0 Competence Centers** for the promotion of sector-specific, regionally customized Industry 4.0 solutions.
- **Skill Development** – Integration of **medium enterprise-specific modules** into existing ESDP (Entrepreneurship and Skill Development Programmes).
- **Research & development (R&D) support –** Creation of a **dedicated R&D cell** in the Ministry of MSME.
- It recommends the use of **Self-Reliant India Fund** for **cluster-based national projects**.
- **Cluster-based testing infrastructure –** It recommends to setup **sector-specific testing and certification facilities** to improve **product quality and regulatory compliance**.
- **Centralized digital portal –** Launch of a **dedicated sub-portal** on the Udyam platform with **compliance assistance**, and **AI-powered navigation** for enterprises.

Reference

PIB| Designing a Policy for Medium Enterprises

