

CHAPTER - II

2.1 INTRODUCTION

Worldwide, the micro, small and medium enterprises (MSMEs) have been accepted as the engine of economic growth for promoting equitable development. The micro and small enterprises constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India too, the micro and small enterprises play a pivotal role in the overall industrial economy of the country.

In India, MSMEs, including khadi and village/rural enterprises credited with generating the highest rates of employment growth, account for a major share of industrial production and exports. They also play a key role in the development of economies with their effective, efficient, flexible and innovative entrepreneurial spirit. The socio-economic policies adopted by India since the Industries (Development and Regulation) Act 1951 have laid stress on MSMEs as a means to improve the country's economic conditions.

The MSME sector contributes significantly to the manufacturing output, employment and exports of the country. There are over 6000 products ranging from traditional to high-tech items, which are being manufactured by the MSMEs in India. It is well known that the MSME sector provides the maximum opportunities for both self-employment and jobs after the agriculture sector. As per the available statistics (4th Census of MSME sector), this sector employs an estimated 59.7 million persons spread over 26.1 million enterprises in the country. It is estimated that in terms of value, MSME sector accounts for about 45% of the manufacturing output and around 40% of the total exports of the country. MSMEs play an important role in export promotion of the country. To maintain its niche in the international and global market, MSMEs are

required to remain professional and competitive. They have to continuously update themselves to meet the challenges emerging out of changes in technology, changes in demands, emergence of new markets, etc.

At the time of Independence in 1947, India was a typically backward economy. Owing to poor technological and scientific capabilities, industrialisation was limited and lop-sided. Agricultural sector exhibited features of feudal and semi-feudal institutions, resulting in low productivity. Means of transport and communications were underdeveloped, educational and health facilities inadequate, and social security measures virtually non-existent. In brief, poverty was rampant and unemployment widespread, both making for low general standard of living. These were the socio-economic settings under which the founding fathers had to chart out a programme of nation-building. In their collective wisdom, they adopted the middle course of a mixed economy, assigning a pivotal role to public sector and economic planning. This new approach to economic and social development was set within a framework of parliamentary democracy guaranteeing universal franchise. India began the process of planned economic development with the start of the First Five Year Plan in April 1951. Since then the country has completed ten Five Year Plans and the implementation of the Eleventh Five Year Plan (2007-12) is underway. The economic history of post-Independence India is a mixed experience of achievements and failures. After 60 years of development efforts, India is presently one of world's fastest growing economies. In the last few years, it has emerged as a global economic power, the leading outsourcing destination and a favourite of international investors.

Small enterprise promotion has continued to remain an important and integral part of Indian development strategy much before the First Five-Year Plan, even dating back to 1938 when the National Planning Committee documents were being prepared. The concerted policy emphasis upon small firms as a vital vehicle of progress draws upon this

sector's crucial historical role in generating substantial employment and income at the regional level and acting as a shock-absorber during periods of economic crisis. The small enterprise sector has continued to contribute immensely in creating large scale job opportunities across space and, in the process, helped reduce inter-regional and rural-urban disparities in growth. The remarkably diverse range of products manufactured in this sector often available at affordable prices, has successfully catered to a calibrated yet vast domestic market. Certain products in this sector have also been consistently figuring in the export basket during the recent decades, although the export performance in the global market has been unimpressive. After pursuing at least four decades of 'controlled' industrialisation – protecting infant industry and supporting an import-substitution strategy – in 1991, through the formal pronouncement of economic reforms of the Indian economy, the hitherto protected small enterprise sector began to come to terms with the imperatives of globalisation. An increasing emphasis upon external orientation, competitiveness and networking with agencies within and beyond the sector and nation seemed to have been the bedrock of current policy paradigm; the recent policy framework corroborates this notable shift in focus.

It may, however, be pointed out at this stage that till as late as October 2006, when the Micro, Small and Medium Enterprises Development (MSMED) Act came to be legislated, the 'medium' category never had been formally defined and recognised the concept of "enterprise" to include both manufacturing and services sector; although, especially, in certain sub-sectors and regions many dynamic small enterprises had been operating at a much higher level of investment in plant and machinery and market reach. With an impressive history of small firm development policy, in Post-Independence India SMEs dominate the industrial scenario through their contribution to generation of employment and income as also tackling the problem of regional disparities. Given the imperatives of globalisation, although in certain sectors strong external orientation could

be observed even by the early 1980s, it is since 1991 that the small firm policy (and since late 2006, for the MSMEs, including the 'medium' for the first time) in India has been keenly pursuing policies that emphasize the importance of internationalisation, trade and inter-dependence in the spheres of innovation, learning, market and business strategies. Despite an elaborate and dynamic policy framework, the progress of Indian SMEs continues to be hindered by some of the basic constraints as poor credit availability, low levels of technology (hence, low product quality and limited exportability) and inadequate or no basic infrastructure, both physical and economic. The challenge to policy lies in broad-basing benefits to SMEs across space and sector and also keeping the decent employment generation role of SMEs in focus.

With the advent of planned economy from 1951 and the subsequent industrial policy followed by the Government of India, both planners and the Government earmarked a special role for small-scale industries and medium scale industries in the Indian economy. Due protection was accorded to both sectors, and particularly for small scale industries from 1951 to 1991, till the nation adopted a policy of liberalisation and globalisation. Certain products were reserved for small-scale units for a long time, though this list of products is decreasing due to change in industrial policies and climate. SMEs always represented the model of socio-economic policies of the Government of India which emphasised judicious use of foreign exchange for import of capital goods and inputs; labour intensive mode of production; employment generation; nonconcentration of diffusion of economic power in the hands of a few (as in the case of big houses); discouraging monopolistic practices of production and marketing; and finally effective contribution to foreign exchange earning of the nation with low import-intensive operations. It was also coupled with the policy of de-concentration of industrial activities in a few geographical centers.

It can be observed that by and large, SMEs in India met the expectations of the Government in this respect. SMEs developed in a manner which made it possible for them to achieve the objectives of high contribution to domestic production, significant export earnings, low investment requirements, operational flexibility, location-wise mobility, low intensive imports, capacities to develop appropriate indigenous technology, import substitution, contribution towards defence production, technology – oriented industries and competitiveness in domestic and export markets.

The small and medium enterprises community has, in recent years, witnessed with satisfaction a worldwide growing awareness of the importance of small and medium enterprises to both the national and the global economy. It is quite clear today, that as a result of all those virtues, small and medium enterprises have become a central force in the economy and the society. Small and medium enterprises are also important for the development and acceleration of change in economies in transition - such as those in which agricultural predominance is giving way to industry and services, or those moving from a centralised to a free market economy. small and medium enterprises also serve as important vehicles in facilitating people-to-people conflict resolution through direct interaction between important sectors of society, thus creating growing mutual trust.

2.2 MICRO, SMALL AND MEDIUM ENTERPRISES IN INDIA

India, the largest democracy in the world, is a vast country located in the southern Asia with a population of over one billion, the second largest in the world after China and an economy which is the tenth largest in the world. It is a federal country consisting of 28 States and 7 Union Territories. India is one of the oldest civilisations in the world with a kaleidoscopic variety and rich cultural heritage. It has achieved all-round socio-economic progress during the last 60 years of its Independence. India has become self-sufficient in agricultural production and is now the tenth industrialised country in the world and the

sixth nation to have gone into outer space to conquer nature for the benefit of the people. It covers an area of 32,87,2631 sq. km, extending from the snow-covered Himalayan heights to the tropical rain forests of the south. As the seventh largest country in the world, India stands apart from the rest of Asia, marked off as it is by mountains and the sea, which give the country a distinct geographical entity. Bounded by the Great Himalayas in the north, it stretches southwards and at the Tropic of Cancer, tapers off into the Indian Ocean between the Bay of Bengal on the east and the Arabian Sea on the west.

India became independent from British rule in 1947. Self-sufficiency in production of grains, expanding trade and rapid technological and industrial advances have made the totality of India's accomplishments unique. The industrial profile has undergone a phenomenal metamorphosis when India embarked on an extensive programme of industrialisation in the 1950's and it also assigned an active role to small scale sector alongside the large and core industry. The small scale industries have been principally instrumental in achieving socio-economic objectives viz. generating increased employment opportunities, removal of regional imbalances and accelerated economic growth in a developing country like India. Today the small scale sector in India is in a position to produce a wide spectrum of not only conventional but also sophisticated and high technology selected items in the consumer and industrial goods categories. The sector has more than eight thousand products in its basket of goods of international quality at competitive prices. A number of small scale units employ accredited ISO-9000 Quality Systems. The sector has a wide manufacturing base and offers large opportunities in areas of mutual trade, technological collaborations and joint ventures.

Small-scale sector comprises predominantly manufacturing activities and also a few industry related business services. The Small Scale Industries (SSI) sector is one of the most vital sectors of the Indian Economy in terms of employment generation, the

strong entrepreneurial base it helps to create and its share in production. There are several sources of statistics on SSI sector. This sector comprises registered SSI units as well as unregistered SSI units at any given point of time. The Unregistered SSI sector comprises all those units which are eligible to be registered, but are not registered because the registration is voluntary. The registration records are utilised to prepare the frame of industrial units. The frame, therefore, consists of only those units which are registered with the DICs. The frame gives the distribution of registered SSI units at State/ District level at different points of time. The other sources of Statistics on registered SSI sector apart from the frame are: Censuses, Sample surveys, Ad-hoc surveys etc.

In India, small and micro enterprises comprise a wide variety of units, ranging from tiny artisan-based cottage industries and household enterprises to small-scale manufacturing firms. There is great diversity among them—in their patterns of ownership, organisational structures, technologies, financial status, and other characteristics. However, small and micro enterprises do have a few common features as well. In general, the small and micro enterprise is managed by its owner(s) in a personalised way; it has a relatively small share of the market in financial terms; and its small and independent nature makes it relatively free from outside control in decision-making. Small and micro enterprises operators and workers usually acquire their skills by tradition; these skills are transmitted through the generations with minimal change or up-gradation. The small and micro enterprises sector plays a vital role in the Indian economy. It manufactures a vast range of products, mobilises local capital and skills, and thereby provides the impetus for growth and development, particularly in rural areas and small towns.

2.2.1 Government of India Protection over Small and Micro Enterprises

Recognising the vital role played by small and micro enterprises in production of goods and in employment generation, the Indian government took various measures from

independence onwards to provide fiscal, credit, marketing, and infrastructure support to the small and micro enterprises sector—even as the nation followed a path of industrialisation that emphasized the building of heavy industries, primarily in the public sector. From 1967 onwards, the government reserved certain items for exclusive manufacture by small-scale industries. Forty-seven items were reserved to start with: that number has grown over the years, and at present, there are over 800 items reserved for the small-scale industrial sector— ranging from wood and leather products to glass and ceramics; from rubber, paper, and fabric products to spices, foods, and electrical appliances. Thanks to the government’s support policies, the small-scale industrial sector today forms the backbone of India’s manufacturing capacity. It contributes over half of India’s entire industrial production in value-addition terms, and account for one-third of export revenues. But the government’s policies have proved to be a mixed blessing for small and micro enterprises. The policies were primarily intended to ensure the survival of small and micro enterprises, to protect the jobs of those employed in them, and to increase the overall production of the sector (rather than the productivity of individual units) to cater to the demands of a growing indigenous market. Scant attention was paid by the State to improve the operating practices of units, or to help them modernise their technologies through exchange of ideas or by indigenous R&D (research and development) efforts.

2.2.2 Measures for Promotion, Development, Enhancement of Competitiveness and Support of Government of India to Micro, Small and Medium Enterprises

The Central Government may, from time to time, for the purposes of facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises, particularly of the micro and small enterprises, by way of policies and practices in respect of credit, minimise the incidence of sickness among and enhance the competitiveness, policies in respect of procurement of goods and services, produced

and provided by micro and small enterprises, granting of funds and administrating of those funds, development of skill in the employees, management and entrepreneurs, provisioning for technological upgradation, providing marketing assistance or infrastructure facilities and cluster development of such enterprises with a view to strengthening backward and forward linkages, specify, by notification, such programmes, guidelines or instructions, as it may deem fit. The evolution of the policy framework and support measures of the Government can be broadly grouped into the following three periods viz., 1948-1991, 1991-1999 and 1999 onwards.

1948-1991: In all the Policy Resolutions from 1948 to 1991, recognition was given to the micro and small enterprises, termed as an effective tool to expand employment opportunities, help ensure equitable distribution of the national income and facilitate effective mobilisation of private sector resources of capital and skills. The Micro, Small and Medium Enterprises Development Organisation [earlier known as Small Industries Development Organisation (SIDO)] was set up in 1954 as an apex body for sustained and organised growth of micro, small and medium enterprises. Within the next two years, the National Small Industries Corporation, the Khadi and Village Industries Commission and the Coir Board were also set up. The era provided the supportive measures that were required to nurture MSEs, in the form of reservation of items for their exclusive manufacture, access to bank credit on priority through the Priority Sector Lending Programme of commercial banks, excise exemption, reservation under the Government Purchase Programme and 15% price preference in purchases, infrastructure development and establishment of institutes for entrepreneurial and skill development. MSME – Development Institutes [earlier known as Small Industries Service Institute (SISI)] were set up all over India to train youth in skills/entrepreneurship. Tool Rooms were established with German and Danish assistance

for providing technical services essential to MSEs as also for skill-training. At the State level, District Industries Centres were set up all over the country.

1991-1999: The new Policy for Small, Tiny and Village Enterprises of August, 1991, laid the framework for government support in the context of liberalisation, which sought to replace protection with competitiveness to infuse more vitality and growth to MSEs in the face of foreign competition and open market. Supportive measures concentrated on improving infrastructure, technology and quality. Testing Centres were set up for quality certification and new Tool Rooms as well as Sub-contracting Exchanges were established. The Small Industries Development Bank of India (SIDBI) and a Technology Development and Modernisation Fund were created to accelerate finance and technical services to the sector. A Delayed Payment Act was enacted to facilitate prompt payment of dues to MSEs and an Industrial Infrastructure Development (IID) scheme was launched to set mini industrial estates for small industries.

1999 onwards: The Ministry of MSME [earlier known as Ministry of Small Scale Industries and Agro & Rural Industries (SSI & ARI)] came into being from 1999 to provide focused attention to the development and promotion of the sector. The new Policy Package announced in August, 2000, sought to address the persisting problems relating to credit, infrastructure, technology and marketing more effectively. A Credit Linked Capital Subsidy Scheme was launched to encourage technology upgradation in the MSE sector and a Credit Guarantee Scheme was started to provide collateral-free loans to micro and small entrepreneurs, particularly the first generation entrepreneurs. The exemption limit for relief from payment of Central Excise duty was raised to Rs.1 crore (\$0.25 million) and a Market Development Assistance Scheme for MSEs was introduced. At the same time, consultations were held with stakeholders and the list of products reserved for production in the MSE sector was gradually reduced each year. In 2006, the long-awaited enactment for this sector finally became a reality with the passage

of the Micro, Small and Medium Enterprises Act. In March, 2007, a third Package for the Promotion of Micro and Small Enterprises was announced which comprises the proposals/schemes having direct impact on the promotion and development of the micro and small enterprises, particularly in view of the fast changing economic environment, wherein to be competitive is the key of success. As per the President of India Notification dated 9th May 2007, the Ministry of Agro and Rural Industries (Krishi Evam Gramin Udyog Mantralaya) and the Ministry of Small Scale Industries (Laghu Udyog Mantralaya) have been merged into a single Ministry, namely, “Ministry of Micro, Small and Medium Enterprises (Sukshma Laghu Aur Madhyam Udyam Mantralaya)”.

2.2.3 Liberalisation Challenges of Small and Micro Enterprises

The Small and Medium Enterprises (SMEs) have been globally recognised as a priority sector for growth and development and India is not an exception to this generality. In India, the Micro, Small and Medium Enterprises (MSMEs) contribute over 45% of the country's industrial production and around 40% of the total exports. Thirteen million micro, small and medium enterprises in India employ over 31 million people. This sector with a total size of US\$140 billion (approx. Rs. 5, 60,000 crores) is the driving force for the long term growth of the Indian economy. The balanced regional distribution of growth along with development of local skill and resources are added advantage of small and medium enterprises which are pivotal in grassroots development, social progress and combating poverty. Transforming micro, small and medium enterprises into world class entities has been the theme of Fifth India Global Summit on micro, small and medium enterprises, 2008. Micro, small and medium enterprises unhesitatingly play a vital role and in fact they are the backbone of the Indian economy and prudence suggests that the backbone is not only to be protected but strengthened too on a perennial basis.

In 1991, a new Industrial Policy paved the way for liberalisation of the Indian economy. Since then, the market has been opened up in stages to individual/private entrepreneurs—Indian and foreign. The government is progressively withdrawing from the commercial and manufacturing sectors, even as the private sector is moving in to fill the spaces vacated. Where there was state control and state monopoly, there are now new opportunities for private players; where there were fixed prices and protected markets, there is now competition and the free play of market forces. Thus, liberalisation has created new opportunities in trade, investment, and manufacturing for Indian and overseas investors. However, liberalisation has considerably increased the problems of the small and micro enterprises sector. The reason is simple: the new market paradigm favours the strong and punishes the weak. For decades, the sector survived primarily because it had been shielded from the competitive currents of both indigenous and global markets. Since 1991, that protective framework has steadily been dismantled, and now small and micro enterprises have to face competition not only from medium and large enterprises in India, but also from imports. In today's liberalised economy, the survival and growth of small and micro enterprises depend on their ability to become competitive: that is, to improve productivity and quality of products, and to develop new products to keep up with changing demands. This in turn means that they must use better technologies and methods of operation. But these are precisely the tasks that they are incapable of doing on their own. Having functioned for five decades within an overly protective economic and industrial framework, they lack the flexibility, technical capacity, and resources to change the ways in which they function.

2.2.4 Growth and Performance of MSMEs

Micro, small and medium enterprises are the backbone of all developing economies including India. They are the most efficient tools for balanced regional development and the most potential employment generators. MSMEs are the second

largest employer after agriculture. In recent years the sector has consistently registered higher growth rate as compared to the overall industrial sector. There are over 6000 products ranging from traditional to high-tech items being manufactured by the micro, small and medium enterprises in India, of which, 22% contributed by Food Products, 12% from Chemical and chemical products, 10% from Basic metal industry, 8% from Metal products, 6% from Electrical and machinery parts, another 6% from Rubber and plastic products and the balance 36% occupies other products. It is well known that the micro, small and medium enterprises provide the maximum opportunities for both self-employment and jobs after agriculture.

The Contribution of MSMEs in the Gross Domestic Product (GDP) in India during the last nine years are shown in the Table - 1. The data for the period upto 2005-06 is only for small-scale industries (SSI). Subsequent to 2005-06, data with reference to micro, small and medium enterprises are being reflected. The Table – 1 reveals that the contribution of MSEs on the total industrial production was 39.74 percentage whereas the contribution of MSEs on the gross domestic product (GDP) was 5.86 percentage during the year 1999-2000. In the year 2007-2008, the highest percentage of contribution of MSEs was 45 percentage and 8 percentage on the total industrial production and gross domestic product respectively. In the year 2007-2008, the highest percentage of contribution of MSEs was 45 percentage and 8 percentage on the total industrial production and gross domestic product respectively. The lowest percentage of contribution of MSEs on the total industrial production was 38.56 shown in the year 2005-2006 whereas the lowest percentage of contribution of MSEs on the gross domestic product was 5.77 shown in the year 2001-2002.

Details in respect of size of the registered MSME sector in India are given in the Table – 2. There are three censuses on micro and small enterprises conducted so far. The

Table – 1
Contribution of MSMEs in GDP in India

Sl. No.	Year	Contribution of MSE (%) at 1999-2000 prices in	
		Total Industrial Production	Gross Domestic Product (GDP)
1	1999-2000	39.74	5.86
2	2000-2001	39.71	6.04
3	2001-2002	39.12	5.77
4	2002-2003	38.89	5.91
5	2003-2004	38.74	5.79
6	2004-2005	38.62	5.84
7	2005-2006	38.56	5.83
8	2006-2007	44.12	7.44
9	2007-2008	45.00	8.00

Source: Contribution of MSMEs in GDP, Table 2.4, Chapter - II Growth & Performance, Annual Report, 2009-2010, Ministry of Micro, Small and Medium Enterprises, Government of India, p.16.

Table – 2
Size of the Registered MSME Sector in India

Details of working Enterprises	Micro	Small	Medium	Total
Number of Manufacturing enterprises	97,46,609	57,666	2,828	10,35,103
Number of Service enterprises	5,01,072	15,915	402	5,17,389
Total Number of MSMEs	14,75,681	73,581	3,230	15,52,492
Percentage distribution of total units	95.05	4.74	0.21	100.00
Percentage share of manufacturing units	94.16	5.57	0.27	66.67
Percentage share of service units	96.85	3.08	0.08	33.33

Source: Size of the Registered MSME Sector, Table 3.2, Annual Report, 2009-2010, Ministry of Micro, Small and Medium Enterprises, Government of India, p.24.

latest quinquennial census (fourth census) conducted with reference to the period 2006-07 was completed during 2009-10. During the fourth census, quick estimates were obtained from registered MSMEs. The size of the registered MSME sector is provisionally estimated to be 15,52,491. Of the total working enterprises, the proportions of micro, small and medium enterprises were 95.05%, 4.74% and 0.21% respectively. This comprises of 66.67% manufacturing enterprises and 33.33% services enterprises. The 8.21% (76,654) of the manufacturing enterprises were ancillary enterprises. About 45.38 % (7,04,551) of the units were located in rural areas. 28.23% (4,31,445) enterprises were found to be maintaining accounts.

The Nature and types of MSMEs in India are listed in the Table – 3. There are about 66.67 % of the enterprises in the registered MSME sector were engaged in manufacturing/assembling/processing, whereas 16.33 % of the units were engaged in repair and maintenance. The remaining 17.00 % of the enterprises were in the services activities. It is also shown that 90.36 % of the enterprises in the registered MSME sector were proprietary enterprises. About 3.85 % of the enterprises were run by partnerships and 2.69 % of the enterprises were run by private companies. The rest were owned by public limited companies, cooperatives/trusts or others. An enterprise (manufacturing or services) managed by one or more women entrepreneurs in proprietary concerns, or in which she/ they individually or jointly have a share capital of not less than 51 % as partners/ share holders/ Directors of Private Limited Company/ Members of Co-operative Society is called a ‘Woman Enterprise’. It was found that 2,05,419 number (13.85 %) of units in the registered MSME sector were women enterprises, whereas the share of enterprises actually managed by females was 13.83 %.

Table – 3
Nature and Types of MSMEs in India

Sl. No.	Factor	Basis	Particulars	Number of Enterprises	Percentage
1	Nature of Activity	Sector	Manufacturing/ Assembling/ Processing	10,35,102	66.67
			Repairing & Maintenance	2,53,452	16.33
			Services	2,63,937	17.00
			Total	15,52,491	100.00
2	Type of Organisation	Distribution	Proprietary	14,02,816	90.36
			Partnership	59,817	03.85
			Pvt. Company	41,703	02.69
			Pub. Ltd. Company	8,217	0.53
			Cooperatives	4,644	0.30
			Others	35,294	02.27
3	Types of Management/ Ownership	No. of enterprises managed by	Male	13,37,780	86.17
			Female	2,14,711	13.83
			Total	15,52,491	100.00
		No. of Women enterprises			2,15,036

Source: *Nature of Activity, Table 3.3; Type of Organization, Table 3.4; Types of Management / Ownership, Table 3.5; Annual Report, 2009-2010, Ministry of Micro, Small and Medium Enterprises, Government of India, p.25.*

The MSE sector has maintained a higher rate of growth vis-a-vis the overall industrial sector as would be clear from the comparative growth rates of production for both the sectors during the last thirty three years as incorporated in the Table – 4. It shows that the growth rate of MSE sector during the year 1975-1976 was 17.9 percent which is shown as highest percentages over the given years, whereas the growth rate of overall industrial sector was only 6.7 percentage in the same year. The percentage of growth rate of MSE sector and growth rate of overall industrial sector during the year 2007-2008 was 13 and 8 respectively. The lowest percentage of growth rate of MSE sector and growth rate of overall industrial sector during the year 1991-1992 was 3.1 and 0.6 respectively.

The time series data in respect of the sector on various economic parameters is as noted for the last thirty six years in the Table - 5. It may be mentioned that data with respect to MSMEs have been collected / compiled for the first time in 2006-07 and hence include both the industry and service sectors. The estimates of employment for the period 2002-03 to 2005-06 have been revised. The Third All-India Census surveyed the units registered upto 2000-01, while its reference period was 2001-02. Adjustments have been made in the estimates using the number of units registered with State/UTs Government after 31.3.2001. The estimates of production for 2006-07 have been calculated from the previous year's growth by assuming that a 13 percent growth would be achieved in 2006-07. The data for the period upto 2005-06 is only for small scale industries (SSI). Subsequent to 2005-06, data with reference to micro, small and medium enterprises are being compiled. The table – 5 shows that the number of units during the year 1973-1974 was 4.2 lakhs and the same had increased to 285.16 lakhs in the year 2008-2009. The

Table – 4
Comparison of the Growth Rate of MSE Sector with the Overall Industrial Sector in India

Sl. No.	Year	Growth Rate of MSE Sector (%)	Overall Industrial Sector (%)
1	1975-1976	17.9	6.7
2	1976-1977	10.2	9.5
3	1977-1978	12.7	4.2
4	1978-1979	10.2	7.6
5	1979-1980	14.0	(-1.6)
6	1980-1981	8.8	4.0
7	1981-1982	8.5	9.3
8	1982-1983	8.1	3.2
9	1983-1984	10.3	6.7
10	1984-1985	12.0	8.6
11	1985-1986	12.8	8.7
12	1986-1987	13.2	9.2
13	1987-1988	12.7	7.3
14	1988-1989	13.4	8.6
15	1989-1990	NA	NA
16	1990-1991	9.1	8.2
17	1991-1992	3.1	0.6
18	1992-1993	5.6	2.3
19	1993-1994	7.1	6.0
20	1994-1995	10.1	9.4
21	1995-1996	11.4	12.1
22	1996-1997	11.32	5.6
23	1997-1998	8.43	6.7
24	1998-1999	7.70	4.1
25	1999-2000	8.16	6.5
26	2000-2001	8.23	5.0
27	2000-2002	8.3	2.7
28	2002-2003	8.68	5.70
29	2003-2004	9.64	6.90
30	2004-2005	10.88	8.40
31	2005-2006	12.32	8.10
32	2006-2007	12.60	11.5
33	2007-2008*	13.00	8.0

Source: Comparative Growth Rates, Table 2.3, Chapter II, Growth and Performance of Micro and Small enterprises (MSEs), Annual Report 2008-2009, p. 12, Annual Report, 2009-2010, p.15, Ministry of Micro, Small and Medium Enterprises, Government of India, comparative real growth rates of industry, Table: 5.1, Chapter 5 – The Progress Card, India Micro, Small and Medium Enterprises Report 2007, Institute of Small Enterprises and Development, Cochin, India, p.54.(* Projected)

fixed investment for the year 1973-1974 was 2296 crores of rupees and the same had increased gradually along with the total number of units, which was shown maximum of 6,21,753 crores of rupees in the year 2008-2009. The production value of this sector was 34,200 crores of rupees at the constant price (1993-94) and the same was mentioned as 7,200 crores of rupees at current price. The production has enormously increased to 8,80,805 crores of rupees at current price in the year 2008-2009. The MSME sector provides employment for 659.35 lakhs of people in the year 2008-2009 and the same was shown as 39.7 lakhs people in the year 1973-1974. The production per employee was 86 thousand rupees at 1993-94 prices during the year 1973-1974 and the same had considerably increased to 165 thousand rupees in the year 2007-2008. The export of this sector was 400 crores of rupees during the year 1973-1974 and it has increased to 202017 crores of rupees in the year 2008-2009.

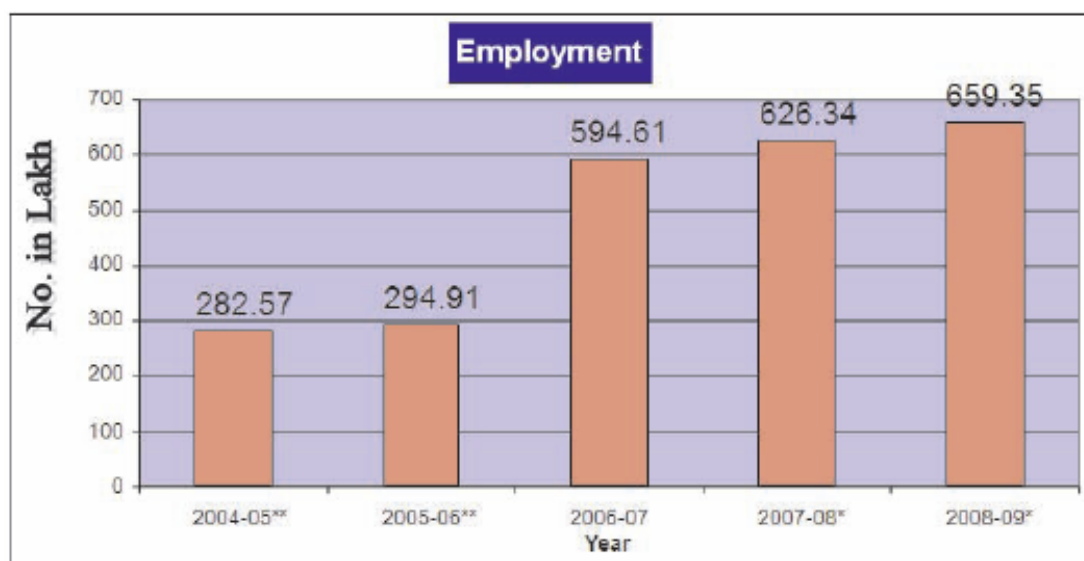
Table - 5
Performance of MSMEs in India

Sl. No.	Year	Units (Lakh nos.)	Fixed investment (Rs crore)	Production (Rs. crore)		Employment (Lakh nos.)	Production per employee (Rs. thousand) At 1993-94 prices	Exports	
				At Constant Prices (1993-94)	At current prices			Rs. crore	US \$ million
1	1973-1974	4.2	2296	34200	7200	39.7	86	400	500
2	1974-1975	5.0	2697	36100	9200	40.4	89	500	678
3	1975-1976	5.5	3204	42500	11000	45.9	93	500	615
4	1976-1977	5.9	3553	46800	12400	49.8	94	800	857
5	1977-1978	6.7	3959	52800	14300	54.0	98	800	987
6	1978-1979	7.3	4431	58200	15800	63.8	91	1100	1303
7	1979-1980	8.1	5540	66400	21600	67.0	99	1200	1518
8	1980-1981	8.7	5850	72200	28100	71.0	102	1600	2078
9	1981-1982	9.6	6280	78300	32600	75.0	104	2100	2309
10	1982-1983	10.6	6800	84700	35000	79.0	107	2000	2116
11	1983-1984	11.6	7360	93500	41600	84.2	111	2200	2093
12	1984-1985	12.4	8380	104600	50500	90.0	116	2500	2137
13	1985-1986	13.5	9585	118100	61200	96.0	123	2800	2263
14	1986-1987	14.6	10881	133600	72300	101.4	132	3600	2851
15	1987-1988	15.8	12610	150500	87300	107.0	141	4400	3372
16	1988-1989	17.1	15229	169900	106400	113.0	150	5500	3790
17	1989-1990	18.2	18196	189900	132300	119.6	159	7600	4579
18	1990-1991	67.9	93555	84728	78802	158.3	54	9664	5386
19	1991-1992	70.6	100351	87355	80615	166.0	53	13883	5632
20	1992-1993	73.51	109623	92246	84413	174.84	53	17784	6140
21	1993-1994	76.49	115795	98796	98796	182.64	54	25307	8068
22	1994-1995	79.60	123790	108774	122154	191.40	57	29068	9258
23	1995-1996	82.84	125750	121175	147712	197.93	61	36470	10903
24	1996-1997	86.21	130560	134892	167805	205.86	66	39248	11056
25	1997-1998	89.71	133242	146263	187217	213.16	69	44442	11958
26	1998-1999	93.36	135482	157525	210454	220.55	71	48979	11642
27	1999-2000	97.15	139982	170379	233760	229.10	74	54200	12508
28	2000-2001	101.10	146845	184401	261297	238.73	77	69797	15278
29	2001-2002	105.21	154349	195613	282270	249.33	112	71244	14938
At 2001-02 prices									
30	2002-2003	109.49	162317	306771	314850	260.21	116	86013	17773
31	2003-2004	113.95	170219	336344	364547	271.42	122	97644	21249
32	2004-2005	118.59	178699	372938	429796	282.57	130	124417	27690
33	2005-2006	123.42	188113	418884	497842	294.91	140	150242	33935
34	2006-2007	261.01	500758	473339	709398	594.61	151	182538	NA
35	2007-2008*	272.79	558190	532979	790759	626.34	165	202017	NA
36	2008-2009*	285.16	621753	NA	880805	659.35	NA	NA	NA

* Projected

Source : Growth of SSI Sector, Annexure 2.6, Nayak Committee, Institutional Credit Facilities for the Small Scale Industries Sector - An Overview, Ministry of Small Scale Industries, Government of India,; Performance of SSI Sector, Table 35, Ministry of Micro, Small & Medium Enterprises, Government of India, P. 79; and MSMEs Performance: Units, Investment, Production Employment & Exports, Table 2.1, Chapter - II Growth & Performance, Annual Report, 2009-2010, Ministry of Micro, Small and Medium Enterprises, Government of India, pp. 13-14.

Exhibit 1
Employment in MSME Sector

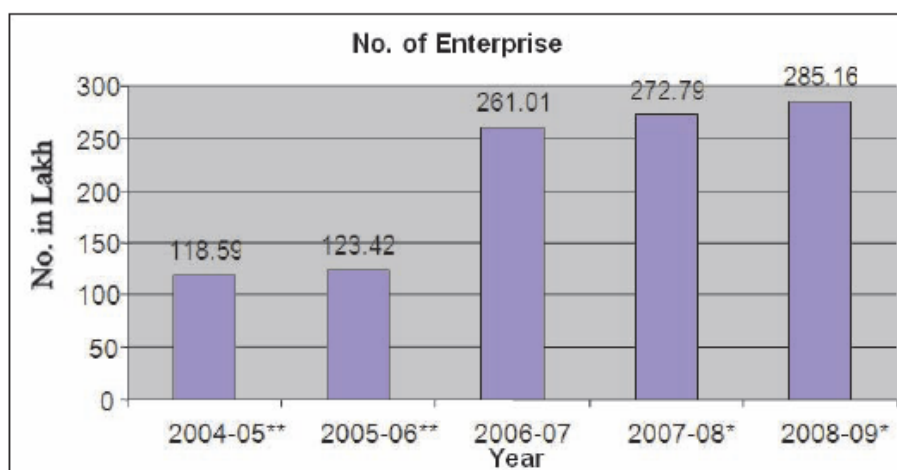


* Projected data for the year 2007-08 and 2008-09.

** Data for 2004-05 and 2005-06 pertain to small scale industries only.

Source: Employment in MSME Sector, Chart-b, Charts Showing Other Statistics of the Sector, Chapter - II Growth & Performance, Annual Report, 2009-2010, Ministry of Micro, Small and Medium Enterprises, Government of India, p.17.

Exhibit 2
Number of enterprises in MSME Sector

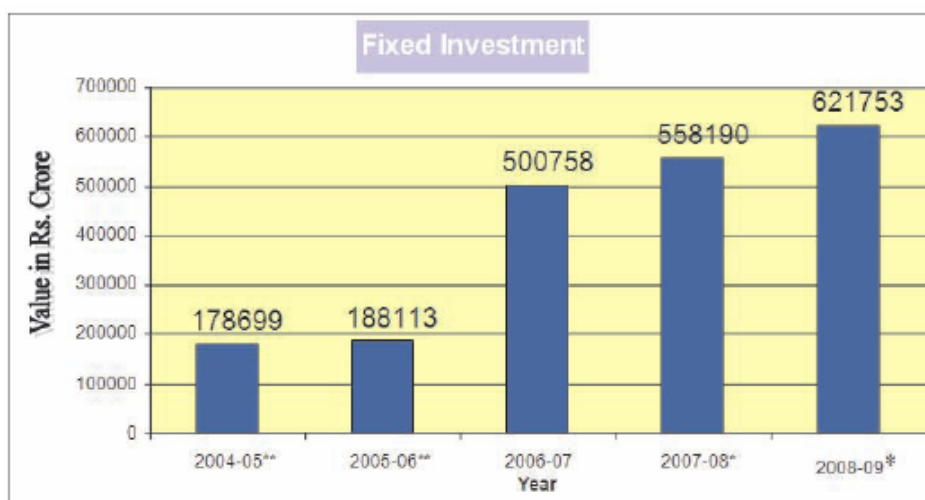


* Projected data for the year 2007-08 and 2008-09.

** Data for 2004-05 and 2005-06 pertain to small scale industries only.

Source: Number of enterprises in MSME Sector, Chart-a, Charts Showing Other Statistics of the Sector, Chapter - II Growth & Performance, Annual Report, 2009-2010, Ministry of Micro, Small and Medium Enterprises, Government of India, p.17.

Exhibit 3
Fixed Investment in MSME Sector

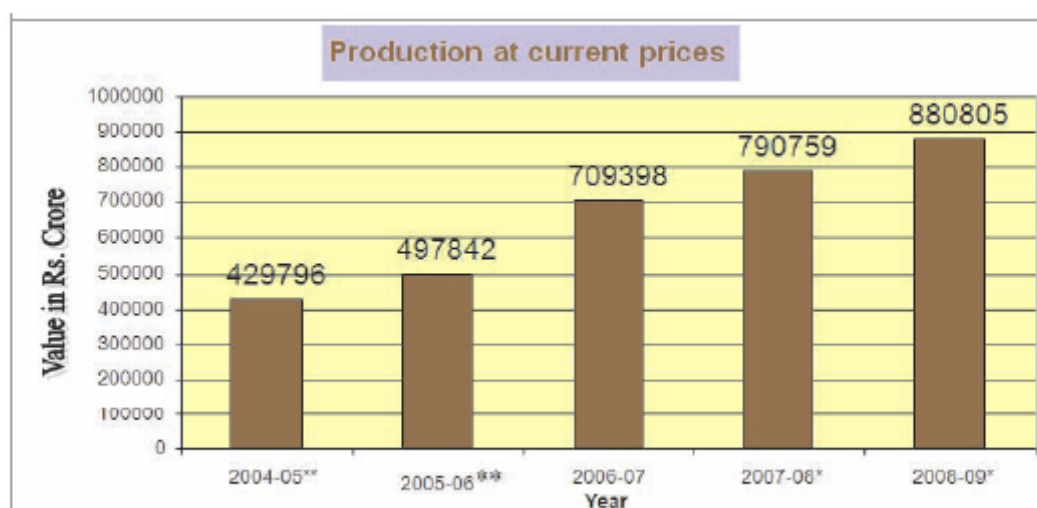


* Projected data for the year 2007-08 and 2008-09.

** Data for 2004-05 and 2005-06 pertain to small scale industries only.

Source: Fixed Investment in MSME Sector, Chart-c, Charts Showing Other Statistics of the Sector, Chapter - II Growth & Performance, Annual Report, 2009-2010, Ministry of Micro, Small and Medium Enterprises, Government of India, p.18.

Exhibit 4
Production in terms of Gross Output in MSME Sector



* Projected data for the year 2007-08 and 2008-09.

** Data for 2004-05 and 2005-06 pertain to small scale industries only.

Source: Production in terms of Gross Output in MSME Sector, Chart-d, Charts Showing Other Statistics of the Sector, Chapter - II Growth & Performance, Annual Report, 2009-2010, Ministry of Micro, Small and Medium Enterprises, Government of India, p.18.

2.3 MICRO, SMALL AND MEDIUM ENTERPRISES IN TAMIL NADU

Tamil Nadu is the sixth most populous state of the Indian Union. Its population, as per 2001 census, is 62110839. The percapita income, according to the latest figures, is Rs. 21738. Tamil Nadu has the highest percentage of urban population in the country: as per 2001 figures, 43.86 percent of the States population live in urban areas as against the all India figure of 27.78 percent. Of the total urban population of 27 million, Chennai metropolitan area alone had 4.3 million and other class I cities such as Coimbatore, Madurai, Trichy and Salem had a collective figure of 12 millions. These are broad indicators of the strengthening and broadbasing of the industrial economy of the state.

Tamil Nadu has carved a niche for itself amongst the industrial leaders in the country. In the era of liberalisation and intensive competitive environment, Tamil Nadu is resolutely addressing the challenge of moving to higher trajectory of growth in the industry. Tamil Nadu is positioned to continue to be the most preferred destination for new investment. The State continues to witness a boom in attracting investment in the Information Technology and related industries, automobiles, electronics, consumer durables, garments, real estates, etc.

Realising the importance of the manufacturing sector for its unlimited potential to accommodate ever increasing non-agriculture labour force, the State is heading for industrialization. The vision of the government is to make the State a manufacturing hub of the country. Along with adequate care for the sustainable existence of traditional industries such as textile, garment, leather, sugar etc., the State has emerged as a major hub for manufacturing and sunrise industries viz., automobile, auto component, electronic hardware and software which are the major focus areas for attracting investment through

Foreign Institutional Investment and Foreign Direct Investment. In the years between 2006-07 and 2007-08 the State had signed 14 MOUs to attract investment to the tune of Rs.18483 crore with employment opportunities for 1.49 lakh persons.

The Micro, Small and Medium Enterprises Sector plays a vital role in the economic development of the country. This sector contributes 40% of the industrial production, about 95% of the total industrial units, and about 35% of exports of the country. There are nearly 6.31 lakhs registered MSMEs in Tamil Nadu as on 31.3.2010 providing employment to 43.92 Lakh persons with a total investment of about Rs.26136.00 Crores. Further, this sector is a major employment provider next only to Agriculture.

The southern districts of the State are contributing more than 25 per cent to Gross State Domestic Product. In order to achieve equitable distribution of income between the districts for social maximization, the State realised that the spread of industrialisation is more imperative. With a view to achieve balanced development and growth across the districts so as to create healthy socio-economic region, the Government is focusing to establish more number of manufacturing industries across the State and taking efforts to attract investment for accelerating industrialisation in southern and western districts by providing special industrial package measures.

The Table – 6 shows that the number of Micro, Small and Medium Enterprises which existed in Tamil Nadu during the year 2007-08 was 5,57,761 and the same year, the number of employment was shown as 39,46,263, the investment was 1,96,36,406 lakhs of rupees and the value of production was 1,14,71,946 lakhs of rupees. In the year 2007 the registered factories were 0.39 lakhs, of which working factories were 0.31 lakhs.

Table – 6
Micro Small Medium Enterprises (MSME) in Tamil Nadu

Sl. No.	Year	Particulars	Value
1	2007-08	Micro Small Medium Enterprises (In Nos)	5,57,761
2	2007-08	Employment (In Nos)	39,46,263
3	2007-08	Investment (Rs. in Lakh)	1,96,36,406
4	2007-08	Value of Production (Rs. in Lakh)	1,14,71,946
5	2007	Registered Factories (No. in Lakh)	0.39
6	2007	Working Factories (No. in Lakh)	0.31
7	2007	Estimated Workers (No. in Lakh)	14.27
8	2007	Mandays Worked (No. in Lakh)	4,482.46
9	2007	Registered Trade Unions (In Nos)	10,819
10	2007	Strikes (In Nos)	56
11	2007	Mandays Lost on Strikes (No. in Lakh)	7,23,291
12	2007	Lockouts (In Nos)	10
13	2007	Mandays Lost on Lockouts (No. in Lakh)	3,43,231

Source: 13th Table, Industries - Micro Small Medium Enterprises (MSME), Statistical Hand Book 2010, Department of Economics and Statistics, Government of Tamil Nadu, Dated: 06.01.2010.

Table – 7
Performance of MSME – Tamil Nadu and All India

Sl. No.	Parameter	Tamil Nadu			All India		
		2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
1	No. of Registrad MSMEs (Nos. Lakhs)	5.11	5.39	5.58	123.42	261.01	272.79
2	Investment in Fixed Capital (Rs. Crores)	16,102.51	16,816.92	19,364.06	1,88,113	5,00,758	5,58,190
3	Value of Output (Rs. Crores)	1,03,911.61	1,05,979.51	1,14,719.46	4,18,884	4,73,339	5,32,979
4	Employment (Nos. Lakhs)	35.93	37.03	39.46	294.91	594.61	626.34

Source: Chapter-7, Industries, Table-23, Performance of MSME – Tamil Nadu and All India, Department of Evaluation and Applied Research, Tamil Nadu - An Economic Appraisal 2006-07&2007-08 and Department of Industries and Commerce, Chennai-6, Hand Book of Statistics on the Indian Economy, RBI and MSMEs Performance: Units, Investment, Production Employment & Exports, Table 2.1, Chapter - II Growth & Performance, Annual Report, 2009-2010, Ministry of Micro, Small and Medium Enterprises, Government of India, pp. 13-14.

The estimated workers during the year 2007 were 14.27 lakhs of numbers and the number of registered trade unions were 10,819 in the same year. In the year 2007, the mandays worked was shown as 4482.46 lakhs. There were about 7,23,291 lakhs of mandays lost due to 56 strikes in the year 2007. And the same year, the lockouts were 10 in number, due to that the mandays lost were 3,43,231 lakhs of numbers.

Table – 7 shows that the development of micro, small and medium enterprises is indispensable for the economy from their largest share of 95 per cent in total industrial units, 40 per cent in terms of manufacturing output, 30 per cent in value of export. As of 2007-08, the total number of micro, small and medium enterprises in the State increased to 5.58 lakhs from 5.39 lakhs in 2006-07 registering a growth of 3.34 per cent, whereas the number of persons employed had increased from 37.03 lakh persons in 2006-07 to 40 lakh persons in 2007-08 registering a growth of 8.02 per cent. The investment in terms of fixed capital also increased from Rs.16,817 crore to Rs.19,364.06 crore and recorded the growth of 15.15 per cent. The output increased from Rs.105980 crore in 2006-07 to Rs.1,14,719 crore in 2007-08 which showed a growth of 8.25 per cent. At the national level, during the year 2006-07, the State's share was 4.20 per cent in terms of number of registered MSMEs, 22.45 per cent in output and 11.85 per cent in providing employment.

2.4 MICRO, SMALL AND MEDIUM ENTERPRISES IN COIMBATORE

Coimbatore, popularly known as the Manchester of South India, is situated in the western part of the State of Tamil Nadu. It has got high concentration of small scale industries, medium and large scale industries. There are more than 30,000 tiny, small, medium and large industries and textile mills. The city is known for the entrepreneurship of its residents. The Climate is comfortable round the year. The city is situated on the

banks of the river Noyyal. The Coimbatore District covering an extent of 7470 sq.km., which consists of three revenue divisions, one corporation, four municipalities and twenty four blocks (including one corporation and four municipalities), Coimbatore City is the district head quarters. Coimbatore is well known for its textile industries and has excellent potential for industrial growth. Because of its proximity to the hills of the Western Ghats, Coimbatore enjoys a salubrious climate throughout the year. Coimbatore is the third largest city in Tamilnadu, with a population (as per the census 2001) of 42.72 lakhs (of which, Male Population was 21.76 lakhs (50.94%) and Female Population was 20.96 lakhs (49.06%)), constituting 6.85% of the state population. Population density was 572 per sq.km, which is above the state average of 480. The Rural Population was 14.52 lakhs (33.98%) and Urban Population was 28.20 lakhs (66.02%). According to the 2001 census 46.29% of the district population constituted the work force and the Literacy Rate was 76.97%. Raw Material Price rise, Frequent Power cuts and dearth of labour force are the recent problems faced by the Industries in this area.

Major type of Industries located in Coimbatore include Textile Mills, Power looms, Handlooms, Hosiery Units, Motor, Pumps and Foundry Units, Wet grinder and accessories Units, Coir Industries, Textile / Automobile Machinery / Engineering Industries. Urbanization in Coimbatore has increased from 47% in 1991 to 66% in 2001 and the growth in this area has increased by 40%. Cotton Textiles, Pumps, Motors and Coir Industries of Coimbatore contribute to the major Exports from Tamilnadu. 20% of the India's Foreign Exchange is earned by Cotton Textile units in Coimbatore. 25% of the Readymade Garments produced at Tirupur reach the International Market. There are about 58,072 registered Micro, Small and Medium enterprises (as on 31.5.2008), 393

Large Scale Industries and 7 approved Special Economic Zones in Coimbatore. Out of the 7 approved (formal) Special Economic Zones, 6 SEZs have been notified. Of these, 5 belong to IT/ITES Sector and one Hi-Tech Engineering Sector. Coimbatore is developing as Tier II City in respect of IT Sector. There are around 20 Major / Smaller Industrial Associations in Coimbatore actively participating in the Industrial growth of this District. 50% of pumps manufactured in India are produced in Coimbatore. Annual District Export is worth Rs. 20,000 Crores. CII has 320 members including 119 Engineering Industries, 30 Textile Units and 19 IT Industries. MSMI Policy, 2008 offers Capital, Power, VAT subsidies, Stamp Duty Exemption for Manufacturing Micro Industries; Capital, Power and Additional Subsidies for Backward Blocks (in Coimbatore – Annur, Gudimangalam, Kinathukadavu, Sulthanpet and Pongalur) and Subsidies to Agro Based Industries (Cair, Coconut Shell powder, Aloe vera gel, Floral extraction, Oil extraction Units, Rice mills etc.). Total Employment generated by the schemes implemented by District Industries Centre, Coimbatore, has doubled during the past 5 years (15,822 during 2003-04 and 43,292 during 2007-08. Total Employment in industrial sector in Coimbatore District as on date is approximately Rs. 8.00 lakhs.

In Coimbatore District, out of twenty-four blocks, the MSME sector providing employment in 2006–07, small-scale industries alone employed around 21,570 numbers of people. The Number of registered MSMEs are about 2,095 in the year 2006-07 with investments on land and building worth 10263.85 lakhs of rupees and plant and machinery worth 12897.93 lakhs of rupees in Coimbatore District shown in the Table – 8.

Table – 8
Small Scale Industries in Coimbatore District (2006-2007)

Sl. No.	Name of the Block	No. of SSI units	Investment		Employment
			Land and Building	Plant and Machinery	
1	Anamalai	10	45.30	67.20	142
2	Annur	17	65.45	96.05	153
3	Avinashi	42	161.70	227.60	336
4	Gudimangalam	5	19.25	23.80	45
5	Karamadai	19	71.06	108.30	171
6	Kinathukadavu	8	36.96	52.24	94
7	Madukkarai	90	381.6	588.60	630
8	Madathukulam	4	18.60	23.48	28
9	Palladam	74	329.30	483.96	814
10	P.N.Palayam	147	624.75	948.15	1323
11	Pollachi North	19	87.97	128.25	209
12	Pollachi South	61	289.16	416.02	549
13	Pongalur	4	18.96	26.88	32
14	S.S.Kulam	69	307.05	433.67	552
15	Sulthanpet	2	7.25	7.50	16
16	Sulur	81	370.17	520.83	804
17	Thondamathur	46	158.7	251.62	322
18	Tiruppur	78	455.52	464.72	936
19	Udumalpet	24	89.76	137.75	216
20	Coimbatore Corporation	686	3546.62	3937.66	4802
21	Mettupalayam (Mun)	36	140.04	210.24	252
22	Pollachi (Mun)	112	495.04	711.20	896
23	Triuppur (Mun)	393	2250.08	2642.08	7704
24	Udumalpet (Mun)	68	300.56	397.12	544
Total		2095	10263.85	12897.93	21570

Source: District Industrial Centre, Coimbatore and Chapter No. 17, Industries, Table No. 17.6, Small Scale Industries (2006-2007), Coimbatore District - Statistical Handbook, Coimbatore District Administration.

SUMMARY

Micro, Small and Medium Enterprises serve as seedbeds of entrepreneurship. Small scale industries not only cater to the customer needs but also serve the medium and large scale industries. Next to agriculture, the Micro, Small and Medium Enterprises play an important role in employment generation. The MSME sector is one of the important sectors of the Indian economy both in terms of its spread over the economy and its contribution to the generation of income, employment and production. The MSME sector has played a very important role in the socio-economic development of the country during the past 50 years. It has significantly contributed to the overall growth in terms of the Gross Domestic Product (GDP), employment generation and exports. The performance of the MSME sector, therefore, has a direct impact on the growth of the overall economy. Soon after independence, the major task of the new Indian government was to achieve rapid industrialisation of the country, consistent with the overall framework of a welfare state, as enshrined in the Directive Principle of State Policy in the constitution. Because of the historical roots of small enterprises in the Freedom Movement itself, the Industrial Policy Resolution of 1948, emphasised the dichotomous role of the large and small sectors. With the era of economic reforms inaugurated in 1991, the overall economic environment of SMEs underwent radical changes. The 'golden rules' and patterns of functioning of the economy began to be more volatile than before. The Government of India has been taking various measures from time to time in order to enhance the productivity, efficiency and competitiveness of the MSME sector. In order to encourage the growth of the Micro, Small and Medium Enterprises, the Government of India have enacted the Micro, Small and Medium Enterprises

Development Act, 2006. This Act has changed the nomenclature of the Small Scale Industries Sector as Micro, Small and Medium Enterprises Sector, giving due recognition to the enterprises segment and at the same time merging the Medium Enterprise Sector into its fold. Those MSMEs with strong technological base, international business outlook, competitive spirit and willingness to restructure themselves shall withstand the present challenges and come out with shining colours to make their own contribution to the Indian economy. In India, during the year 2008-2009, the MSME sector provided employment for 659.35 lakhs people, the number of MSME units operating in India was 285.16 lakhs, the fixed investment was shown maximum of 6,21,753 crores of rupees, the production value of this sector has enormously increased to 8,80,805 crores of rupees at current price and the production per employee was 65 thousand rupees. MSME has contributed 8 percentage of gross domestic product on the total industrial production in the year 2007-2008.

In Tamil Nadu, 2.53 lakhs of small scale industries have been registered in the year 1973-74 (first censuses), of which, only 1.4 lakhs small scale industrial units were found working. It has increased during the year 1990-91(second censuses) which was about 9.87 lakhs small scale industry units, of which, only 5.82 lakhs small scale industry units were found working. And it has reduced in the year 2001-02 (third censuses), a total of 3,07,864 units survived; of these, 1,80,032 units were found working. With a view to encouraging micro, small and medium enterprises, for the first time in our country, the Government of Tamil Nadu has come out with a separate policy for these industries in the year 2008. In the year 2007-08, the total number of micro, small and medium enterprises in the State of Tamil Nadu registered a growth of 3.34 percent, whereas the

number of persons employed had a growth of 8.02 percent, the investment in terms of fixed capital also showed a recorded growth of 15.15 percent, and the output showed a growth of 8.25 per cent. At the national level, during the year 2006-07, the State's share was 4.20 per cent in terms of number of registered MSMEs, 22.45 per cent in output and 11.85 per cent in providing employment.

Coimbatore District is one of the industrially developed and commercially vibrant districts in Tamil Nadu. It has got high concentration of Small Scale Industries, Medium and Large Scale Industries. It is an important inland district lying in the North Western part of Tamil Nadu. Agriculture occupies the second place, which provides employment to 27.81 percentage in Coimbatore District. Work participation ratio is 46.29 percentage, higher than the state average of 44.67 percentage. Coimbatore District is one among the districts having highest number of specialised Small Scale Industry branches (11 Nos.) in Tamil Nadu. Coimbatore District is having 256 Large and Medium Scale Industries; among them 157 are textile industries and 33 are machinery and equipment manufacturers. MSMEs are operating through twenty-four blocks in Coimbatore District. During the year 2006-07, MSMEs of Coimbatore District provided employment to around 21,570 people. The Number of registered MSMEs were about 2,098 in the year 2006-07 and their investment in land and building was worth 10263.85 lakhs of rupees, and plant and machinery worth 12897.93 lakhs of rupees in Coimbatore District.