

Govt sets up committee to boost exports from MSMEs

Worried over widening trade gap, the government has set up a six-member inter-ministerial committee under the chairmanship of Finance Secretary R S Gujral that will suggest measures to boost MSME exports.

Micro, Small and Medium Enterprises (MSME) sector contributes about 40 per cent in the country's total exports and over 8 per cent to India's Gross Domestic Product (GDP).

"The committee will suggest short and long term measures to enhance exports from MSME sector. It will submit its recommendations by mid-May," an official said.

The official said there is an urgent need to look at the MSME sector as exports are not doing well due to which the country's trade deficit has touched an all-time high of USD 190.1 billion in 2012-13.

Although the government is taking every step including recent announcement of incentives and revamping special economic zone (SEZ) policy in order to increase shipments from the country, "more needs to be done", the official added. India's exports declined by about 2 per cent to USD 300.5 billion in 2012-13, way below the USD 360 billion targeted at the beginning of the year, due to the global demand slowdown.

The widening trade gap is adding woes on the the Current Account Deficit (CAD) front, which has emerged as a tough policy challenge for the government. CAD crossed 6.7 per cent of the GDP in the third quarter of last fiscal.

"Issues related with MSMEs need to be looked into greater depth as the sector would also help in boosting the growth of manufacturing sector," the official added.

The other members of the committee include Commerce Secretary S R Rao, Revenue Secretary Sumit Bose, MSME Secretary Madhav Lal, Financial Services Secretary Rajiv Takru and Chief Economic Adviser Raghuram Rajan.

According to experts, the government should take steps like providing credit to the sector at affordable rates. "Government should also increase the marketing funds for MSMEs. It will help them in marketing and branding of their products in the international market," Apparel Export promotion Council Chairman A Sakthivel said.

As per estimates, the share of MSME exports has fallen from 40 per cent to 36 per cent to the country's total exports.

The sector accounts for around 45 per cent of the manufacturing output and provides employment to about 60 million persons through 26 million enterprises.

(Financial Express)