

## **CHAPTER – 3**

### **PROFILE OF MAHARASHTRA STATE**

“When learning is purposeful, creativity blossoms. When creativity blossoms, thinking emanates. When thinking emanates, knowledge is fully lit. When knowledge is lit, economy flourishes.”

—**A.P.J Abdul Kalam**

#### **3.1 FOREWORD**

This chapter has presented the profile of the state of Maharashtra. The major focus has been given to the industrial development in Maharashtra. And also includes in depth description of the SME sector in Maharashtra.

#### **3.2 OVERVIEW OF MAHARASHTRA STATE**

##### **Brand Maharashtra: ‘Magnetic Maharashtra -- Attractions Unlimited’**

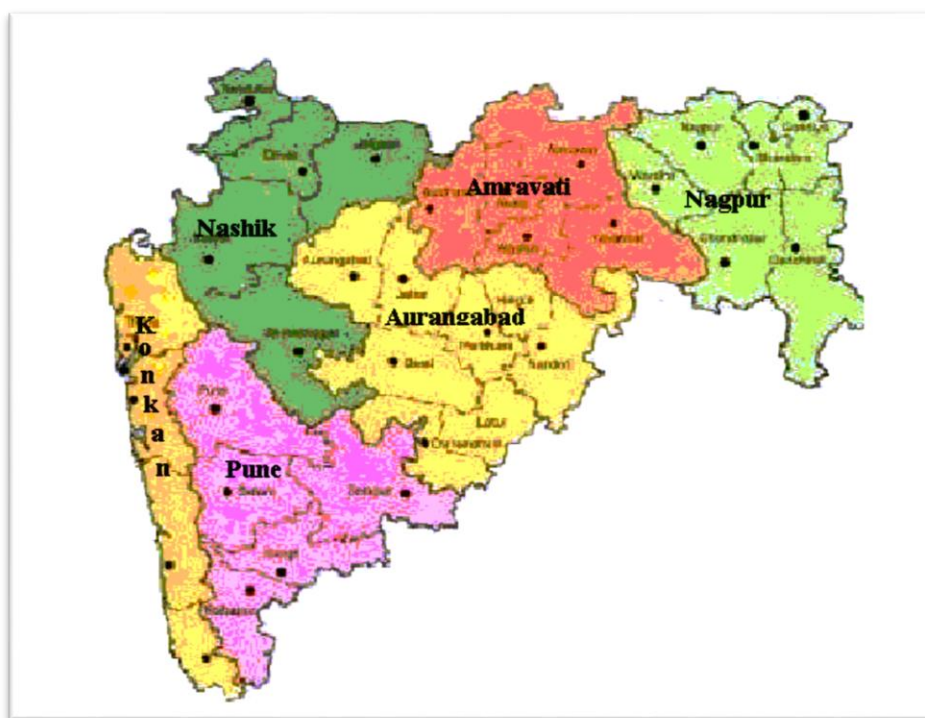
With a strong, future-oriented government at its helm, Maharashtra continues to be the destination for growing sector. The state of Maharashtra is fully industrialized and highly urbanized. Being a progressive state it has a literacy rate of 82.3 per cent. It is the second richest state in India on the basis of per capita income of its residents. Its geographical expanse is 3,07,713 sq. km and it is one of the largest state, which justifies its name. The financial and commercial capital of India, Mumbai, is at the heart of the state and its Capital city. As per Average capita income Mumbai is the heart of Maharashtra State and hence migrants are fascinated from the rest of Maharashtra and other states in India.

“The Maharashtra state is on the western coast of the Indian subcontinent and is lined by Arabian Sea as 720 km long coast. It is surrounded by the state of Gujarat and the Union Territories of Daman, Dadra and Nagar Haveli are to the North-West; on the Northern side is

Madhya Pradesh; South side is bordered by Karnataka and Goa; on the South-East lies state of Andhra Pradesh; and Chhattisgarh lies on the East.”

Maharashtra has been divided into six divisions for administrative purposes viz. Amravati, Aurangabad, Konkan, Nagpur, Nashik, Pune which presented in Figure 3.1 below.

**Figure 3.1** Regions of Maharashtra for administrative purpose



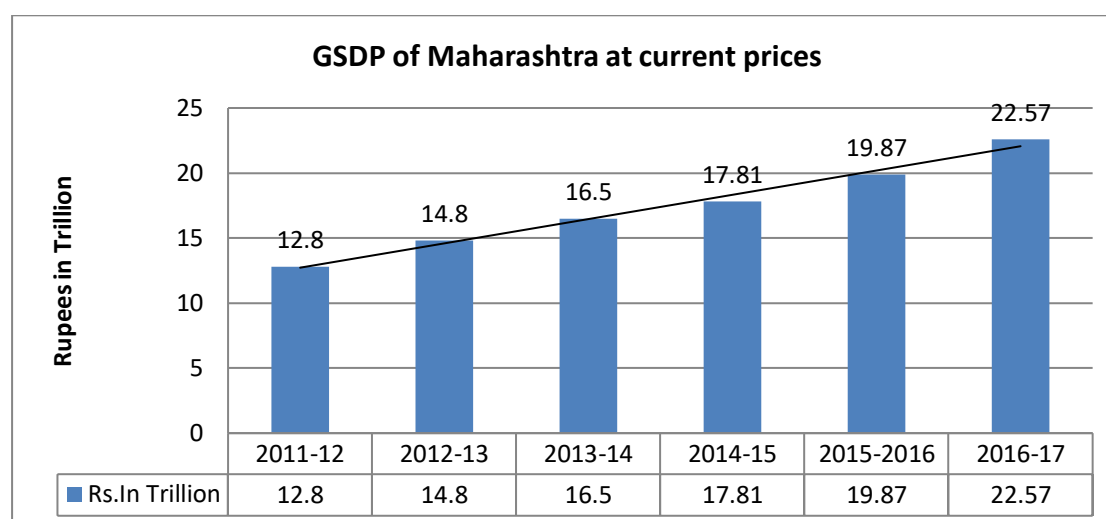
*Source: Maharashtra State Development Report, 2005(Planning Commission)*

### 3.3 ECONOMIC PROFILE OF MAHARASHTRA

“Maharashtra contributes for nearly 35.1 per cent of the country's total automobile output by value.<sup>61</sup>The state has well designed infrastructure which is beneficial for industrial development. The state has domestic as well as international airports which add to the betterment of the transportation facilities. Government of Maharashtra came up with a new policy for electronics sector – ‘Electronics Policy 2016’ to boost the industry. In the same year, the Government of Maharashtra formulated a new policy on Tourism -- ‘Maharashtra Tourism Policy 2016,’ to propel the income through tourism.”

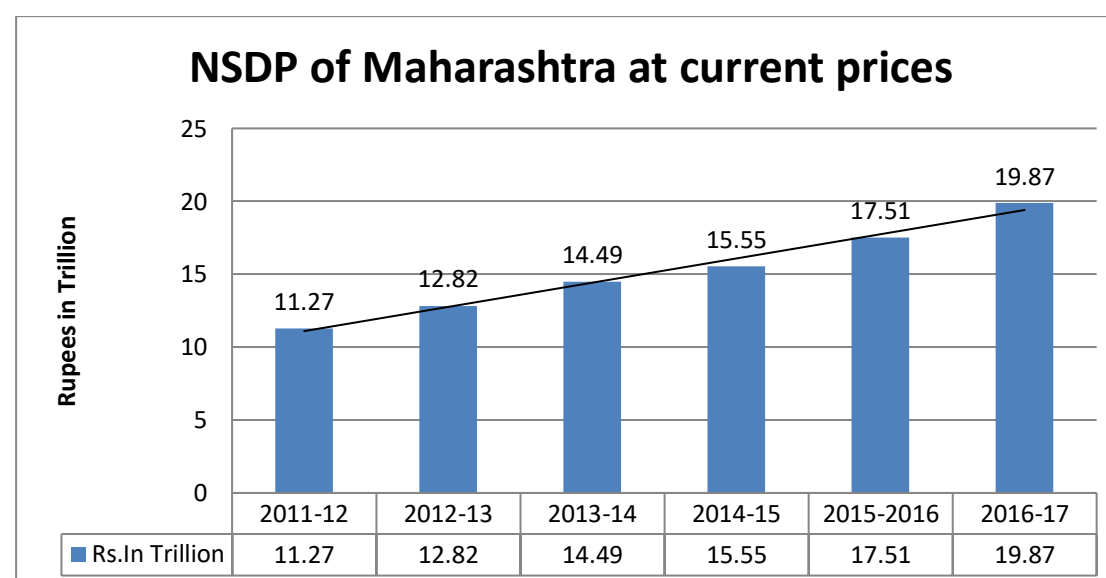
The Figure 3.2 below depict Gross State Domestic Product of Maharashtra from 2005-06 to 2015-16.

**Figure 3.2** Gross State Domestic Product of Maharashtra at current prices



*Source-* “Central statistics offices “advanced Estimates” reports provided by Directorate of Economics and statistics of Maharashtra”

**Figure 3.3 :** Net State Domestic Product of Maharashtra from 2005-06 to 2015-16



*Source-*Central statistics offices “advanced Estimates” reports provided by Directorate of Economics and statistics of Maharashtra .

“The Indian economy is expected to grow by 7.1 per cent during 2018-19. The State economy is expected to grow by 9.4 per cent over the previous year, as per the advance estimates of real (at constant 2011-12 prices) Gross State Domestic Product (GSDP) for 2018-19. The ‘Industry’ and ‘Services’ sectors are assumed to show the growth at 6.7 per cent and 10.8 per cent respectively over the previous year 2017-18.”<sup>62</sup>

## Economic and Statistical Information

Number of Entrepreneurship Memorandum. Part II Filed (Region wise) reported by Directorate of Industries, Govt. of Maharashtra (From 01.04.2015 to 30.09.2015).

**Table - 3.1 :** Number of Entrepreneurship Memorandum. Part II Filed (Region wise)

Sl	Region	E.M. Filed
1	Konkan Region	3131
2	Nashik Region	1812
3	Pune Region	6980
4	Aurangabad Region	2593
5	Amravati Region	2059
6	Nagpur Region	1742
7	Mumbai & Suburban	1829
<b>Total</b>		<b>20146</b>

*Source-Report uploaded by DC (MSME ),New Delhi*

**Table – 3.2 :** No. Of Adhar udhyog registered in Maharashtra in the year 2015-2016

Year	State/UT	Udyog Aadhaar Regd.	Enterprise Type			Ownership			
			Micro	Small	Medium	SC	ST	OBC	Others
2015-16	Maharashtra	54,853	41,822	12,507	524	5,100	1,388	12,572	35,793
	All India	5,03,913	4,29,452	71,831	2,630	49,370	16,044	1,70,405	268,094
2016-17	Maharashtra	2,09,126	1,75,860	31,762	1,504	23,062	10,683	66,578	1,08,803
	All India	23,71,218	21,49,892	2,12,824	8,501	3,16,945	92,772	9,16,727	10,44,774
Cumulative (till 31 <sup>st</sup> March 2017)	Maharashtra	2,63,979	2,17,682	44,269	2,028	28,162	12,071	79,150	1,44,596
	All India	28,75,131	25,79,345	2,84,655	11,131	3,66,315	1,08,816	10,87,132	13,12,868

*Source-Report uploaded by DC (MSME ),New Delhi*

In Maharashtra about 2.44 lacs Micro, Small and Medium enterprises (MSMEs) were functioning until September 2015 providing employment to 29 lacs people and an investment of 56.5 crores of investment. According to the Sixth Economic Census there are 9.2 lakh establishments in the manufacturing (organised as well as unorganised) sector with approximately 29.2 lacs employment, out of the total employment of 61.5 lacs. Maharashtra has been investing in mega projects as well. The state has been employing the Mega Project Policy since 2005. Since inception to December 2016, 157 mega projects, out of the approved

488, are functioning, with an investment of approximately 66000 crores and have generated one lakh employment.

### **3.4 EXPORTS FROM MAHARASHTRA**

“The main products exported from the state are gems & jewellery, petrochemicals, readymade garments, software products, cotton yarn, metal & metal products, agro-based products, engineering items, drugs & pharmaceuticals and plastic & plastic items.

Maharashtra became the best-performing State by shipping goods worth \$72.83 billion in 2014-15. This is because Maharashtra has traditionally dominated the export business because of advantage in terms of coast line. Special Export-processing Zones (SEZs) have played an important role in promoting exports from the state. Cost and efficiency of the transport system are of paramount importance for staying competitive in export markets

In order to appreciate the efforts taken by the exporters and to promote exports the state as well as central governments are giving awards based on export performance. Along with this award space rent subsidy for participation in international exhibitions scheme is implemented for SMEs. From 2007-08 onwards the state’s share remained at 27 per cent in the total exports from India.”<sup>63</sup>

### **3.5 INDUSTRIES IN MAHARASHTRA**

In the manufacturing sector Maharashtra hold significant place in the country. “The major manufacturing industries located in Maharashtra includes refined petroleum products, other chemical products, and basic chemicals, manufacturing of Jewellery, musical instruments, sports goods, games & toys etc., spinning, weaving and finishing of textiles, other food products, sugar, cocoa, chocolates, noodles etc., basic iron & steel and motor vehicles.”

**Table – 3.3 :Industrial Segments of Maharashtra State**

1	Machinery	14	Textiles
2	Chemicals	15	Apparel & Clothing
3	Industrial Supplies	16	Fashion Accessories
4	Mineral & Metals	17	Gifts & Crafts
5	Energy & Power	18	Construction & Real Estate
6	Computer Hardware	19	Leather & Products
7	Computer Software	20	Jewellery & Gemstones
8	Electronics & Electrical Supplies	21	Home Textiles
9	Home Supplies	22	Packaging & paper
10	Office Supplies	23	Industry Segments
11	Health & Beauty	24	Business Services
12	Auto Parts & Accessories	25	Consumer Electronics
13	Agro Products & Commodities	26	Food & Beverage
		27	Others

*Source- Field survey DIC Office Aurangabad, published in Business Dairy - 2012*

Maharashtra state is segmented in Twenty five industrial zones. New products are being introduced in market but it has not come under the any segments, which can be taken in others<sup>64</sup>

“Mumbai-Thane-Pune belt holds the primary position as industrial zone in Maharashtra .almost 60 per cent of the State's output is accountable by Mumbai-Thane-Pune belt . Efforts are being made to promote other industrial areas like Nagpur, Nashik, Aurangabad, Solapur, Jalgaon, Raigad, Amravati and Ratnagiri, by building the necessary infrastructure and creating an environment conducive to industrial development.”

The state is clustered into main industrial regions, namely, such as

- 1 Greater Mumbai,    2 Konkan, 3 Pune, 4 Nashik, 5 Aurangabad,
- 6 Amravati and    7 Nagpur.

- “The Greater Mumbai and Peripheries of the Suburbs in Thane and Raigad Districts. This is one of the most important industrial zones of India because it is located near the Gateway of India-commercial and economic capital of India. More than fifty per cent of

the factories and manpower are concentrated in this region. Textile was the largest group in the initial stage of development of industries but now engineering, chemical, transport, software and electronics are also other leading groups. Industries have dispersed from Mumbai to Thane, Kalyan, Ambernath, Badlapur and Panvel complex. this belt is extended upto Tarapur, Dahanu , the edge of Gujarat state.”

“On Mumbai Bangalore and Mumbai-Panaji national highways Panvel is the main industrial centre The cluster SMEs of engineering, chemical, paper pulp and many small-scale industries in Khopoli at the base of Sahyadri as. Tata hydroelectric power generation station has an important role to play as the supplier of electricity to the neighbouring areas. A new industrial complex has come up at Pimpri-Chinchwad near Pune extending up to Talegaon. Pune-Ahmednagar, Pune-Solapur and Pune-Satara roads holds big factories manufacturing machines, automobiles, electrical and electronic goods, plastics and pharmaceuticals are located along the. Large factories are located at edge of old city .”

- Solapur Textile Zone “South East of Maharashtra have Solapur and Barsi cotton textiles centres. They have specialised in power looms. Maharashtra Industrial Development Corporation has developed many centres in Sangli, Kolhapur, Ichalkaranji, Madhavnagar and Miraj in Southern Maharashtra.”
- Western Tapi Valley Industrial Zone

“Agro-based industries have developed in the Tapi valley. Cotton, groundnuts, banana and sugarcane are the agricultural raw materials in Khandesh (Dhule and Jalgaon districts). Recently MIDC areas are developed near Dhule and Jalgaon.”

- Eastern Tapi Valley Industrial Zone

“This is the cotton-producing zone. Berarsi, Achalpur and Badnera are the leading industrial centres situated near the central railway line in the districts Amravati, Akola, Wardha, Chandrapur and Nagpur. Near Kamptee-Nagpur mineral based industries are well developed due to local coal, limestone and manganese mines. Here, engineering, transport equipment, cement and metal product manufacturing industries are located.”

- Krishna –Panchganga Basin Industrial Region

“This is a unique triangular agro based region in Maharashtra. The region has industries like sugar and cotton textiles in Kolhapur and Ichalkaranji. Jaysingpur and Miraj place holds the establishments manufacturing and delivering agricultural elements, oil engines, engines spare parts and transport vehicles .”

- Pravara-Nira Valley Region

“This is a prosperous belt of sugar industries with Baramati, Phaltan, Koparagaon, Sangamner and Belapur as main centres. MIDC has developed small-scale industries and infrastructure.”

- Upper Godavari Valley Industrial Belt

“This is the extension of Pune industrial region. Several industrial plants mostly of electronics and agriculture based are centrally located in and around Nashik .”

- Konkan Industrial Region

- “Near Mumbai-Goa national highway and Konkan railway line the development of Taloja, Roha, Patalganga, Mahad, Nagothane and Nanore in Raigad district; Chiplun, Loteparshuram, Ratnagiri, Dapoli and Sangameshwar in Ratnagiri and Kudal industries was possible only after establishment of MIDC industrial activities as subsidies and assistance was provided for expansion.”



## **Initiatives by Government of Maharashtra**

The following are some of the major initiatives taken by the government to promote Maharashtra as an investment destination:

- “In order to intensify the capacity of renewable energy sources in the state, the state government has professed a new energy policy, for which an investment of US\$ 69.66 million has been proposed.
- The Government of Maharashtra is promoting the development of several Special Economic Zones (SEZs) across Maharashtra for sectors such as IT/ITs, pharmaceuticals, biotechnology, textile, automotive & auto components, gems & jewellery and food processing. As of December 2017, the state had 28 operational SEZs, of which the majority share is contributed by IT/ITs, engineering and electronics segment.
- ‘The Government of Maharashtra provides single-window clearance to all units to reduce the average time required for establishment of such units and issue various clearances required for setting up of industries at a single point.
- The Government is focusing on providing IT-related infrastructure, fiscal incentives to IT units and an institutional framework for the IT sector.
- The Government is setting up the Delhi-Mumbai Industrial Corridor (DMIC), a mega infrastructure project of total cost US\$ 90 billion, with the help of the Government of Japan, which has agreed to lend US\$ 4.5 billion for this project. Seven nodes are in the development stage for the Phase-1 of the project, which is expected to greatly boost India’s manufacturing sector.
- The Maharashtra government has set up an international biotech park in Hinjewadi, 10 km from Pune. This is the first public-private biotechnology park initiative in the state.
- Textile parks, aimed to provide world-class infrastructural components for the textile sector and enhance productive capacity, are being set up in Maharashtra to maintain its leadership position in textile exports and production.

- As a part of the ‘Make in India’ initiative, the state government is planning to come up with an electronics policy for companies interested to invest in this sector in Maharashtra.”

### **3.6 APEX BODY SET UP BY MAHARASHTRA GOVERNMENT FOR GROWTH OF SMES IN MAHARASHTRA**

#### **Maharashtra Small Scale Industries Development Corporation**

**Maharashtra Small Scale Industries Development Corporation** was established on October 19, 1962 with a view to give a new orientation and strength to the development of Small Scale Industries in the State of Maharashtra. “The main objective of MSSIDC is to aid, counsel, assist, finance, protect and promote the interests of Small Industries. The Corporation renders assistance to approximately 30000 SSI units in the State.

The Maharashtra Small Scale Industries Development Corporation (MSSIDC) assists entrepreneurs for the development of small scale industries.

The main activities of MSSIDC are:-

- Procurement and distribution of raw materials required by Small Scale Industries
- Providing assistance in marketing their products and making available facilities for warehousing and handling of material
- Assisting Small Scale Industries in import and export
- Helping handicraft artisans
- Organizing exhibitions

#### **Maharashtra State Khadi and Village Industries Board**

“The main function of the Maharashtra State Khadi and Village Industries Board (MSKVIB) is to organise, develop and expand activities of Khadi and Village Industries (KVI) in the State. Financial assistance of 28.43 crores in the form of subsidy was given to KVI units in 2014-15 and 29.02 crores were disbursed in 2015-16. Under Artisan Employment Guarantee

Scheme, employment opportunities were provided to 2.32 lakh artisans in 2014-15. During 2015-16, employment opportunities for artisans were 2.45 lakh.”<sup>65</sup>

### **3.7 MAHARASHTRA INDUSTRIAL DEVELOPMENT CORPORATION (MIDC)**

Development Corporation (MIDC) is a prestigious project of the government of Maharashtra. This was set up to promote entrepreneurial businesses by providing infrastructure like land, water and electricity. It has been providing facilities drainage, transportation and streetlights. The corporate philosophy of MIDC is the "Prosperity to all through Industrialization'.

The major objectives of establishing MIDC were:

- To set up industrial areas for planned and systematic industrial development
- To function as a special planning authority in development of industrial areas

The State Government is implementing following important programmes through MIDC:

- Establishment of growth centres
  - Establishment of mini industrial area to cover all talukas in the state
  - Setting up of 'Five starred industrial areas in the state.
  - Construction of roads, drainage systems and provision for street lights in the industrial areas.
  - Establishment of effluent collection and disposal systems for Chemical Zones.
6. Implementing Government/Semi Government Projects. Maharashtra Industrial

The first industrial area was started by MIDC was in 1962 in Thane district as Wagle Estate. MIDC has developed specialized parks for different sectors like chemicals, biotechnology, engineering, petrochemicals, automobiles and their components, electronics, textile,

transportation, consumer durables, information technology, pharmaceuticals, wine brewing, recycling and many such productions.

“The significant historical policy decisions taken by MIDC transformed the socioeconomic profile of the state as its activities spread to the remotest places in the interior of Maharashtra. This positively impacted the industrial scenario in the state.

MIDC developed five-star industrial areas at nine locations in Maharashtra taking into account the international standard facilities essential to attract global companies to invest in the state. At the close of financial year 2015–16 about 94 percent developed plots are allotted to entrepreneurs.”

### **3.8 CO-OPERATIVE INDUSTRIAL ESTATES**

Maharashtra state has commenced a programme of development of industries, where there is no MIDC zone. It has initiated supporting the industrial belt on cooperative basis. The state government contributes to share capital and provides technical guidance for establishing industries. To meet the cost of establishing such units is on a sharing basis. The project funding comes from the state (20 per cent of project cost), loans from the banks (60 per cent loans to be raised from bank/financial institutions) and members of the society (20 per cent is the contribution of the members of the society as share capital). By the end of September 2016, there were 107 industrial estates were functioning (out of 142 registered), 29 estates are yet to be commissioned and remaining 6 had filed for liquidation. These functional 107 co-operative industrial estates have generated about 1.8 lacks of employment opportunities. The state so far has funded 93 co-operative industrial estates.

### 3.9 FINANCIAL ASSISTANCE TO INDUSTRIES

State level financial institutions like SICOM Ltd., Maharashtra State Financial Corporation and Central level institutions like LIC of India, GIC of India, IFCI Ltd., SIDBI, etc. provide financial assistance to industries in the State. Banks and other financial institutions like also provide financial loans at attractive interest rates.

### 3.10 PACKAGE SCHEME OF INCENTIVES

Government of Maharashtra has to see that the industries need to be developed all across the state to avoid unnecessary cauterization leading to unnecessary migration of people, which upsets the local ecology and culture. To ensure the maximum development of regions, the state encourages scattering of industries to the industrially less developed areas. It has launched the 'Package Scheme of Incentives' (PSI) for new/expansion units located in such regions. The scheme was amended from time to time and the State has declared PSI-2013, which will remain in operation from April 2013 to March 2018. Eligible units in all sectors are offered these incentives under PSI-2013. Until December 2016, nearly 2000 crores were distributed as an incentive to eligible MSMEs, large scale industries and mega projects. Table 3.4 below gives Industrial Promotion Subsidy and Other Incentives under Package Scheme of Incentives'.

**Table – 3.4 :**Industrial Promotion Subsidy and Other Incentives under Package Scheme of Incentives'

Item	Disbursement		
	2014-15 (in crores)	2015-16 (in crores)	2016-17 (Dec 17) in crores
<b>Mega Projects</b>	2,159	2,457	1,580
<b>Large Scale Industries</b>	113	98	57
<b>MSMEs</b>	99	148	148
<b>Large Scale Industries</b>	63	51	47
<b>MSMEs</b>	65	81	101

*Source: Directorate of Industries, Government of Maharashtra*

The Table 3.4 clearly indicates the state government's preferential disbursement in favour of MSMEs to promote the entrepreneurial activities.

### **3.11 INDUSTRIAL CLUSTER DEVELOPMENT PROGRAMME**

Government of India has pronounced scheme for development of potential clusters for enhancing the productivity and competitiveness of MSMEs. This will help locally available resource management very effective and efficient; and further lead to their sustainability. Government of India has approved 16 cluster projects and 5 projects are approved in principle. The total grant released so far by the government is approx. 100 crores.

#### **Benefits of the Cluster Development Scheme**

“Cluster Development approach is considered as an effective approach for inducing competitiveness in the industry by ensuring inter-firm cooperation based on networking and trust. Due to geographical proximity of units and homogeneity/similarity of products, development interventions can be made for a large number of units and simultaneously leading to higher gains at lower cost of implementation. The approach aims at sustainability in long run. It helps overcome disadvantages of economies of scale and weak capital base. It will increase competitiveness by leveraging the advantages of flexible structure and faster decision-making process. The enterprises will be able to meet market challenges. The information will be disseminated quickly. Best practices will be shared (organizational capabilities, skills, technological innovations). The enterprise will be cost effective due to distribution of many common costs and wider public appropriation of benefits is possible.

The clusters achieve success mainly due to the amendment of organizational strategy by the SME units when they face crisis of any kind. The SMEs can get the benefit of each other's strengths and gain collective benefit. They get to develop local network and connect with each other to get the best of collective wisdom. This further propels research, innovation and development. It also promotes healthy competition amongst them. The synergy thus developed is used for positive attitude towards collective work.”

### **3.12 MODIFIED INDUSTRIAL INFRASTRUCTURE UP-GRADATION SCHEME**

The sole objective of this scheme is to augment competitiveness of industries by through PPP model. In selected functional clusters government has been providing best quality infrastructure. Central government gives up to 50 percent of the project cost with a ceiling of 50 crores per project. Until December 2016 the central government has disbursed the total grant of approx. 200 crores to five cluster projects, out of which three are successfully completed and two are at different stages of execution.

### **3.13 SPECIAL ECONOMIC ZONES**

Special Economic Zones (SEZ) have been developed by MIDC to provide trouble free environment for exporters, in view of the export prospective of the products defined duty-free. These products are to be considered to be foreign territory for the purpose of trade operations and duties and traffics. Maharashtra has such 74 Special Economic Zone approvals from the government of India. Maharashtra has remained in the first position in India for the highest productivity, economic performance, efficiency, infrastructures and overall competitiveness due to the planned and strategically designed industrial development.

The State has adopted the Special Economic Zone (SEZ) policy with effect from February 2006. As on 31st October 2016, in all 25 SEZs (out of 243 SEZ proposals received) were executed with total investment of 32,255 crores having generated employment of about 3.60 lakh. Totally 72 SEZs were denotified and withdrawn.

The state owned Maharashtra Industrial Development Corporation (MIDC) is supporting Information Technology (IT) and Bio Technology (BT) and have developed IT and BT Parks with the help of Industrial Development Corporation of Maharashtra Limited (CIDCO). Government of Maharashtra has developed as well as revised IT and BT policies.

Up to December 2016, 37 public IT parks with an investment of about 18,000 crores and have been generating about 2.68 lacs employment. To encourage private investments, the state has been encouraging and promoting Private Public Partnership (PPP) projects. To create world class infrastructure for IT industry, 487 private IT parks have been approved, out

of which 170 IT parks are operating worth nearly 4000 crores investments and 5.5 lacs employment. The balanced 317 IT parks with proposed investment of approx 10250 crores are likely to provide about 13.66 lacs employment opportunities.

Two Public BT Parks have been developed in the state at MIDC Jalna and MIDC Hinjewadi (Pune). Six private BT parks are proposed with an investment of about 300 crores. Ten BT–SEZs under public sector are proposed in the State with a proposed investment of about 4500 crores and anticipated employment generation of about 1.64 lacs.

“As of March 2007, totally 87000 MSMEs are working in the Maharashtra state with an investment of nearly 15000 crores and employment of about 11lacs<sup>66</sup>. During the ‘Make in India’ event organised in Mumbai from 13th to 18th February 2016, totally 3,018 MoUs were signed by the State with proposed investment of 8,04,897 crores & expected employment of about 30.5 lacs. Upto September, 2015, in all 2,43,721 MSME units, with an investment of Rs.56,552 crore generating employment of 29.19 lakh were functioning.”

Year wise investment and Employment in MSMEs information is given in Table 3.5 below:



**Table – 3.5 : Year wise investment and Employment in MSMEs**

<b>Year wise Investment &amp; Employment in MSMEs Year</b>	<b>MSMEs</b>	<b>Investment (Rs.in crore)</b>	<b>Employment (in lakh)</b>
2007-08	10,244	2,281	1.39
2008-09	11,682	3,295	1.71
2009-10	11,896	3,028	1.50
2010-11	14,496	5,563	1.87
2011-12	15,606	4,443	2.07
2012-13	16,136	5,455	2.06
2013-14	19,814	6,358	2.48
2014-15	36,992	7,180	3.50
2015-16	20,220	4,090	1.66

*Directorate of Industries, Government of Maharashtra*

Year by year working enterprises whether manufacturing or services are increasing and its share in national or state GDP has also shown increasing trend with some fluctuations. Numbers of working enterprises are higher in informal or unregistered sector and it's playing crucial role in employment generation too. But registered enterprises suppressed unregistered sector in output generation. So we can say that unregistered MSME in some states to some extent is labour intensive and registered sector in other way is capital intensive in some states.

”Maharashtra government has rolled out significant incentives for women entrepreneurs, becoming the first Indian state to unveil a dedicated industrial policy for women (2018). Under this policy, first-generation women entrepreneurs who set up micro, small or medium enterprises (MSMEs) in the state will be entitled to a capital subsidy of up to Rs. 1 crore, depending on location of the unit. This is the first time the government has extended a capital grant incentive to an industry segment. The women-run businesses would be offered special concessions for locating their units, and extended lower power tariffs, higher interest subsidies, and grants for branding their products, among other incentives. In line with the government's overall industrial policy, the policy for women also aims at giving a push to investments in industrially backward belts.”

Amravati, Aurangabad, Konkan, Nagpur, Nashik, and Pune are the main divisions of Maharashtra for better administration. Each division has MIDC zone allotted to promote MSMEs and generate local employment opportunities.

**Table – 3.6 :** Region wise distribution of MSMEs and large enterprises .as on 31.12.2012

<b>Region-Wise Details of MSMEs and Large Enterprises as on 31.12.2012 (In Nos.)</b>				
	<b>MSME</b>		<b>Large Enterprises*</b>	
<b>Region</b>	<b>No of Enterprises</b>	<b>Employment in lakhs</b>	<b>No of Enterprises</b>	<b>Employment in lakhs</b>
Konkan	39269	6.32	1533	2.92
Nashik	27458	3.15	665	1.52
Pune	92233	10.04	1490	4.07
Aurangabad	18751	1.92	538	1.11
Amravati	14510	1.13	148	0.32
Nagpur	26714	2.56	541	1.31
<b>Total Maharashtra</b>	<b>243721</b>	<b>29.19</b>	<b>4915</b>	<b>11.25</b>

*Source : Directorate of Industries GOM.*

*\*as on 31.12.2012*

### **3.14 MSME - DEVELOPMENT INSTITUTE**

The government of Maharashtra has set up MSME - Development Institutes at Mumbai and Nagpur with a Branch Institute at Aurangabad, to provide support facilities and services to entrepreneurs. The office acts as a link with different financial institutes, industries, promotional agencies, academicians, university colleges and professional associations to provide support of different types to the MSMEs. This is done with a view to promote entrepreneurship. Major activities and services like advocacy, consultancy, research, counselling, skill development, and export procedures through various management development programmes are conducted / provided from time to time to continuously keep the entrepreneurs updated in their areas of work.

#### **BSE SME platform**

“Raising capital Finance is more easier with SME BSE (Bombay Stock exchange) “SME exchange” means a trading platform of a recognised stock exchange having nationwide trading terminals permitted by the Board to list the specified securities issued in accordance with rules and includes a stock exchange granted recognition .

No. of companies listed	200
No. of companies suspended	7
No. of companies eligible for trading	194
No. of companies traded	77

BSE Ltd has set up the BSE SME Platform as per the rules and regulations laid down by SEBI. BSE SME Platform offers an entrepreneur and investor friendly environment, which enables the listing of SMEs from the unorganized sector scattered throughout India, into a regulated and organized sector.

Small and medium enterprises (SMEs) have always complained of difficulty in accessing both debt and equity capital. While the government has taken several measures to ease access to credit, giving them easier access to equity is the next step in that process.”<sup>67</sup>

“SME Exchanges like AIM (London), Canada (TSXV), Hong Kong (GEM), Japan (Mothers), Korea (KOSDAQ) and US (NASDAQ) were studied in detail to understand their salient features, best practices and their business model. Learning from the OTCEI, the capital market realities, and difficulties faced by SMEs have been taken into account while formulating the BSE SME Exchange in the Indian context.

The listed SMEs will step into the threshold of BSE SME Platform and foray in to the world of finance for further growth and development. BSE SME will assist these SMEs to raise equity capital for their growth and expansion and thus help them blossom into full fledged companies. In due time enable them to migrate into the Main Board of BSE as per the existing rules and regulations.”BSE SME will provide immense opportunities to the following market participants. To raise equity capital for growth and expansion of SMEs in a cost effective manner. Investors Opportunities to identify and invest in good companies at an early stage, long term Capital Gain tax benefit and Exit Route.

**Table – 3.7 :Tax Benefits. Provided by SBE SME EXCHANGE**

<b>Tax Benefits</b>	<b>Shares listed on BSE SME</b>	<b>Unlisted Shares</b>
<b>Long Term Capital Gains Tax</b>	0%	20% after indexation.
<b>Short Term Capital Gains Tax</b>	15%	30%

### **3.15 CONCLUSION**

Globally MSMEs have been playing a significant role in the development of all the countries, developed as well as developing ones. This is evident from their massive contribution with regards to the national GDP, employment generation, industrial output, annual turnover, and global exports. Indian economy has gained ample impetus on account of the ever enlarging contribution of MSMEs. More than 62percent population are working in MSMEs. Government policies have been proactively drafted to promote MSMEs. However, sick units are still a grave problem for India. This is enormous waste of investment which affects the national economy. Survival and sustenance of MSMEs is dependent upon how MSMEs face and take on the fierce global competition. Major reasons as identified earlier are lack of credit facilities, marketing acumen, infrastructural inadequacies and shortage of raw material. It is evident from research in this area that most of the problems of the MSMEs could be mended if finances are available on time to SME sector. In a nutshell Maharashtra government supports SMEs