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## Introduction

### 1.0. Introduction

The world economies are emerging out of the distressful past of the half decade-long recession and its aftermath. Policies and regulatory measures are witnessing revamping, and relationships are being redefined. Renewed emphasis on the SMEs, (the term 'MSMEs' is the official usage in India) manifested the world over, encourages fresh look on their potential to contribute to the GDPs of their countries and the economic welfare of their people. This nineteenth Report of MSMER is set against this background, where the contribution of Public Policy and Governance to the economic growth of India through the Micro, Small and Medium enterprise (MSME) portfolio, is closely examined.

### 2.0. Why Reporting MSMEs?

In our earlier Reports we have defined the role of Reporting as monitoring and documenting developments and bringing them to the limelight. The societal implications of this exercise come out only when the results are communicated. The India MSME Report aims at serving as a communication tool in the context of Indian MSMEs, mirrored against the global economic scene.

In the present era of Net-based distribution, there is no dearth of information, but knowledge as an instrument of development lags behind. This calls for concerted action on the part of researchers and knowledge institutions, as knowledge is an essential component of development policies and strategy formulation.

Knowledge systems discharging a crucial role in the modern world, it is important that knowledge be translated from the abstract to the concrete level. India's understanding of its MSME role has changed significantly over time. MSMEs need to be understood in terms of what they are,

and what they can. Such knowledge needs to be communicated for two specific reasons: (1) to trigger MSMEs into action; and (2) to establish their due role in the country's economic growth.

Sustained reporting on the MSME sector is quite an innovative experience in the developing world. This new trend, in India, owes significantly to the initiatives of a specialized platform within the Institute of Small Enterprises and Development, the ISED Small Enterprises Observatory (ISED-SEO). The MSME Annual Reports produced by the Observatory have been widely quoted as an authoritative knowledge base on the MSME sector. In fact, the series has been acclaimed for many users as the unique source of MSME related knowledge.

The Institute and the Observatory believe that reporting must serve four important purposes:

- An understanding of the major streams of change in the economy and society from an MSME point of view.
- Highlighting the opportunities and imperatives of new policy initiatives at different levels of the economy – national, regional and local.
- Evaluating global economic and policy changes and their impact on the national economy as far as MSMEs are concerned.
- Stimulating learning and networking from global best practices.

### 3.0. Reporting: The Global Experience

The global canvas of trade relationships is expanding continuously. The production of parts and components that once took place within the country's frontiers is now be-

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