

# Employment Generation thru SME's

In India we tend to confuse the word 'Industry' for all types of economic activity other than agriculture. This needs some correction since all economic activity, including agriculture, can also be classified under 'enterprise' or 'businesses or 'trade'. 99.7% of all organizations in the world are SME's, small medium enterprises. This is valid for all economies of the world including India. Only 0.3% of organizations are large.

We believe that this is where about 97% of all new employment generation is taking place in the country. Most of these organizations are in the 'unorganized sector'.

How can our **Indian tiny & small units - SSI** compete with the so called **Small Businesses** or **SME's** of the developed and developing countries? Only a closer realignment with them will help. For **SME's** in **USA** see [www.sba.gov](http://www.sba.gov). For **Europe** see [www.smallbusiness europe.org](http://www.smallbusiness europe.org) or [www.esba-europe.org](http://www.esba-europe.org). For **Germany** see [www.ifm-bonn.org](http://www.ifm-bonn.org). For **Japan** see [www.sme.ne.jp](http://www.sme.ne.jp).

**SSI's** are ONLY **7% of GDP**, while **SME's** are nearly **90%** of the **GDP** of India!

**Reservation for SSI – Doing more harm than good!** The size of a manufacturing unit or an enterprise cannot be decided at random. It is decided by *International market forces* and by the *cutting edge technology and processes*, which would be required to produce the product with the *best quality and lowest cost*, to be able to make it *world class*. As India is globalizing, this will become more and more important. We also have a FTA with many economic areas of the world; hence truly global organizations will eventually exist.

If you see the *Small Business Size Standards* of USA, one will notice that there are nearly 1100 sub groups of businesses in major groups of:- *Agriculture, Forestry, Fishing, Hunting, Mining, Construction, Manufacturing, Wholesale Trade, Retail Trade, Transportation, Information, Finance & Insurance, Real Estate, Rental, Leasing, Professional, Scientific & Technical Services, Management of Companies & Enterprises, Administrative Support, Waste Management & Remediation Services, Educational services, Health Care & Social services, Arts, Entertainment & Recreation, Accommodation, Food Services and Other Services*. See [www.sba.gov/size](http://www.sba.gov/size) for details.

The **SBA - USA** classification is based on one of the three criteria. On the basis of annual **turnover** (up to \$30 million) or **number of employees** (up to 1500) or **capital employed** (assets up to \$150 million).

**SME's** In USA, Japan, Taiwan, Europe, S.E. Asia, Brazil, China, etc., mean **enterprises with** about Rs. 150 to Rs. 250 Crores turnover and about Rs. 80 to 100 Crores investment.

**SME's** are the *Dynamic Sector* of any Nation. **SSI's** are only a small part of **SME!**

If India has to generate employment, we need to understand the sectors of the economy which come under the classification of SME's.

The chart below has been taken from the **Small Business Classification** or **SBA**, USA. It is only indicative. The full list is available at the website [www.sba.gov](http://www.sba.gov). Charts of other countries may also be used for comparison.

Only the main sectors and sub sectors are shown below. The figures in brackets, { }, indicates the total number of sectors under that heading. The expanded list covers 35 pages.

These are the sectors of the economy where **Enterprise Skills Education** and **Vocational Education and Training** are required.

## 1. Sector 11 – Agriculture, Forestry, Fishing and Hunting {5}

Subsector 111 – Crop Production {30}

Subsector 112 - Animal Production {18}

Subsector 113 - Forestry and Logging {3}

Subsector 114 - Fishing, Hunting and Trapping {4}

Subsector 115 - Support Activities for Agriculture and Forestry {10}

## **2. Sector 21 – Mining {3}**

Subsector 211 - Oil and Gas Extraction {2}  
Subsector 212 - Mining (except Oil and Gas) {22}  
Subsector 213 – Support Activities for Mining {5}

## **3. Sector 22 – Utilities {1}**

Subsector 221 – Utilities {10}

## **4. Sector 23 – Construction {3}**

Subsector 236 – Construction of Buildings {6}  
Subsector 237 – Heavy and Civil Engineering Construction {7}  
Subsector 238 – Specialty Trade Contractors {19}

## **5. Sectors 31 - 33 – Manufacturing {21}**

Subsector 311 - Food Manufacturing {47}  
Subsector 312 - Beverage and Tobacco Product Manufacturing {9}  
Subsector 313 - Textile Mills {11}  
Subsector 314 - Textile Product Mills {8}  
Subsector 315 - Apparel Manufacturing {24}  
Subsector 316 - Leather and Allied Product Manufacturing {10}  
Subsector 321 - Wood Product Manufacturing {14}  
Subsector 322 - Paper Manufacturing {20}  
Subsector 323 - Printing and Related Support Activities {12}  
Subsector 324 - Petroleum and Coal Products Manufacturing {5}  
Subsector 325 - Chemical Manufacturing {34}  
Subsector 326 - Plastics and Rubber Products Manufacturing {17}  
Subsector 327 - Nonmetallic Mineral Product Manufacturing {24}  
Subsector 331 - Primary Metal Manufacturing {26}  
Subsector 332 - Fabricated Metal Product Manufacturing {43}  
Subsector 333 - Machinery Manufacturing {49}  
Subsector 334 - Computer and Electronic Product Manufacturing {30}  
Subsector 335 - Electrical Equipment, Appliance and Component Manufacturing {22}  
Subsector 336 - Transportation Equipment Manufacturing {30}  
Subsector 337 - Furniture and Related Product Manufacturing {13}  
Subsector 339 - Miscellaneous Manufacturing {24}

## **6. Sector 42 – Wholesale Trade {3}**

Subsector 423 – Durable Goods {37}  
Subsector 424 – Merchant Wholesalers, Nondurable Goods {32}  
Subsector 425 – Wholesale Electronic Markets and Agents and Brokers {2}

## **7. Sectors 44 - 45 – Retail Trade {12}**

Subsector 441 - Motor Vehicle and Parts Dealers {9}  
Subsector 442 - Furniture and Home Furnishings Stores {4}  
Subsector 443 – Electronics and Appliance Stores {4}  
Subsector 444 – Building Materials and Garden Equipment & Supplies Dealers {6}  
Subsector 445 - Food and Beverage Stores {11}  
Subsector 446 - Health and Personal Care Stores {5}  
Subsector 447 - Gasoline Stations {2}  
Subsector 448 - Clothing and Clothing Accessories Stores {14}  
Subsector 451 - Sporting Good, Hobby, Book and Music Stores {7}  
Subsector 452 - General Merchandise Stores {4}  
Subsector 453 - Miscellaneous Store Retailers {9}  
Subsector 454 - Nonstore Retailers {8}

## **8. Sectors 48 - 49 – Transportation {11}**

Subsector 481 - Air Transportation {7}  
Subsector 482 - Rail Transportation {2}  
Subsector 483 - Water Transportation {6}  
Subsector 484 - Truck Transportation {6}  
Subsector 485 - Transit and Ground Passenger Transportation {11}  
Subsector 486 - Pipeline Transportation {4}  
Subsector 487 - Scenic and Sightseeing Transportation {3}

Subsector 488 - Support Activities for Transportation {14}

Subsector 491 - Postal Service {1}

Subsector 492 - Couriers and Messengers {2}

Subsector 493 - Warehousing and Storage {4}

### **9. Sector 51 – Information {6}**

Subsector 511 – Publishing Industries (except Internet) {7}

Subsector 512 – Motion Picture and Sound Recording Industries {11}

Subsector 515 – Broadcasting (except Internet) {4}

Subsector 516 – Internet Publishing and Broadcasting {1}

Subsector 517 – Telecommunications {7}

Subsector 518 – Internet Service Providers, Web Search Portals, and Data Processing Services {3}

Subsector 519 – Other Information Services {3}

### **10. Sector 52 – Finance and Insurance {4}**

Subsector 522 - Credit Intermediation and Related Activities {14}

Subsector 523 - Financial Investments and Related Activities {10}

Subsector 524 - Insurance Carriers and Related Activities {10}

Subsector 525 - Funds, Trusts and Other Financial Vehicles {7}

### **11. Sector 53 – Real Estate and Rental and Leasing {3}**

Subsector 531 - Real Estate {9}

Subsector 532 - Rental and Leasing Services {14}

Subsector 533 - Lessors of Nonfinancial Intangible Assets (except Copyrighted Works) {1}

### **12. Sector 54 – Professional, Scientific and Technical Services {1}**

Subsector 541 - Professional, Scientific and Technical Services {54}

### **13. Sector 55 – Management of Companies and Enterprises {1}**

Subsector 551 – Management of Companies and Enterprises {2}

### **14. Sector 56 – Administrative and Support {2}**

Subsector 561 – Administrative and Support Services {32}

Subsector 562 - Waste Management and Remediation Services {12}

### **15. Sector 61 – Educational Services {1}**

Subsector 611 - Educational Services {18}

### **16. Sector 62 – Health Care and Social Assistance {4}**

Subsector 621 - Ambulatory Health Care Services {21}

Subsector 622 – Hospitals {3}

Subsector 623 - Nursing and Residential Care Facilities {6}

Subsector 624 - Social Assistance {9}

### **17. Sector 71 – Arts, Entertainment and Recreation {3}**

Subsector 711 - Performing Arts, Spectator Sports and Related Industries {11}

Subsector 712 - Museums, Historical Sites and Similar Institutions {4}

Subsector 713 - Amusement, Gambling and Recreation Industries {10}

### **18. Sector 72 – Accommodation and Food Services {2}**

Subsector 721 – Accommodation {7}

Subsector 722 - Food Services and Drinking Places {8}

### **19. Sector 81 – Other Services {3}**

Subsector 811 - Repair and Maintenance {19}

Subsector 812 - Personal and Laundry Services {16}

Subsector 813 - Religious, Grant making, Civic, Professional and Similar Organizations {13}