

PRESS RELEASE

## **Virtual Cluster Approach to help Dispersed MSMEs**

**New Delhi, February 19, 2014**

The Virtual Cluster Approach as against the Physical Cluster Approach was unveiled today at New Delhi during the course of a Workshop organized on the subject by the Ministry of Micro, Small and Medium Enterprises, Govt. of India.

Sh. Madhav Lal, Secretary, MSME in his opening remarks elucidated the necessity of introducing the Concept in view of enormity of the task and the desirability of “*inclusion*” in providing sustenance to this vital constituent of the economy. Sh. Lal also delineated the work done so far in development of the Approach and requested the Delegates to assist the Ministry in further improving upon the Approach so that it could effectively benefit the target sections throughout the entire length and breadth of the country.

Marking a paradigm shift in the Approach adopted so far with regard to Cluster Development, the Virtual Cluster Approach, an initiative of the Ministry of MSME, the nodal agency for overseeing and accelerating enterprise creation and sustenance of MSME Sector in the country, overcomes the limitations of the Physical Approach requiring the location of the units in one geographical area besides substantial resources for creation of infrastructure etc. The Approach would also enable the small businesses across different Sectors to co-exist with the peers on a Web-portal.

The pioneering Approach is expected to be tested through a Pilot which will focus on businesses involved in Food Products and those that make equipment used in Food Processing. Subsequently, the Concept can be readily extended to different industrial sectors.

The Workshop, facilitated by The National Institute for Entrepreneurship and Small Business Development (NIESBUD), was inter-alia attended by the Secretaries and Senior Officials of different Ministries/Departments; representatives of Financial Institutions and Support Organizations; and those of other stakeholders besides the Senior Officials of the Ministry of MSME.

The Cluster Approach for development of MSMEs has been recognised to be an effective strategy for development of the enterprises the world over. Close to 2000 Industrial Clusters have been identified for undertaking Soft and Hard Interventions therein with a view to increase the competitiveness of the enterprises.

The Ministry of Micro, Small and Medium Enterprises (MSME) has so far assisted about 850 Clusters through its MSE – Cluster Development Programme and the results of the intervention have been encouraging so far.