

**ADDRESS BY HON D. GOKHOO,  
MINISTER OF INDUSTRY, SCIENCE  
AND RESEARCH**

**BUSINESS MEETING  
IMPACT OF THE BUDGET ON  
SMEs**

**TUESDAY 25 NOVEMBER 2009**

**AT 09 00 HRS**

**CLOS ST LOUIS - DOMAINE LES  
PAILLES**

Mr Anthony Withers, Chairman of Mauritius Bankers Association, and CEO of Mauritius Commercial Bank Ltd.

Mr Amedee Darga, Chairman of Enterprise Mauritius,

Mrs Aisha Timol, CEO of Mauritius Bankers Association,

Mr Prakash Beeharry, CEO of Enterprise Mauritius,

Chairman and members of Industry Associations,

Participants from the SME sector

Distinguished Guests,

Ladies and Gentlemen.

First of all, let me wish you all a very good morning.

It gives me great pleasure to be among you this morning on the occasion of the launching of a series of business meetings organised by Enterprise Mauritius with the support of the MCB to raise awareness of economic operators and other stakeholders on the various support measures for SMEs put in place by Government.

Allow me at the outset to express my deep appreciation of the initiative taken by the Mauritius Commercial Bank for engaging itself actively in this awareness programme while at the same time providing support through sponsorship in the organisation of this event. I understand that the MCB is supporting the organisation of nine Business Meetings until November 2010. The kick off programme of this series of Business Meetings will

focus on a highly relevant theme: “Impact of the Budget 2010 on SMEs”

### **Platform for Discussion**

This Business Meeting provides for an ideal platform to bring together all important stakeholders to take stock of the important measures for the development of a vital sector and network among themselves. As you are aware a budget spells out the broad policy intentions. But in order to implement these decisions it is highly critical to put in place the proper implementation mechanism. As someone has rightly said; “a policy is as efficient as its implementation mechanism”. Therefore if we want to implement effectively and successfully the SME policy measures it is very important to engage in depths discussions with all the stakeholders to arrive at an appropriate “modus operandi” The objectives of today’s series of business meetings is in fact intended to stimulate in depths discussions so as to come forward with realistic and achievable targets. At the same time it will allow to fully understand bottlenecks and shortcomings and to identify more refined implementation mechanism.

### Contribution of MCB in national economy

Government plays its role as a facilitator to the private sector for the economic development of the country. But this cannot be a stand alone process. Neither can it happen in the absence of the Commercial Banks playing a leading role all along.

I am proud to note that the MCB as one of the oldest and leading commercial banks in Mauritius has since its creation played a very determinant role in the economic development process through extension of credit facilities and other support services to the business community at various levels. The large number of clients actually serviced by the bank in various areas of the economy bear witness to its place in the country.

The bank is not only operating across the country in remote areas but has also extended its network beyond the shores and in the region with centres in countries such as Mayotte, Reunion, Madagascar, Seychelles, and Mozambique

Although the MCB has been making good profits, in its pledge for social development, it has been among the pioneers in engaging into CSR activities for various interest groups by providing scholarships to students, supporting preprimary program, promoting green projects and other artistic activities.

Today by associating itself again with a government body, Enterprise Mauritius, in the organisation of this series of business meetings, the MCB is giving a strong signal that it wants to contribute further to the economic development process. This is yet another tangible example of the public and private

sector partnership in Mauritius, an element which is widely recognised as one of the key ingredients for the success story of Mauritius and which has played a crucial role in lifting the country from a mono crop economy to a well diversified one within a short span of time.

I have no doubt that with the active involvement of a strong financial institution such as the MCB this series of programme will create a definite impact on the business committee and enable us to fulfill our objectives. I also note with pleasure that MCB has equally accompanied the MTSP in financially supporting several enterprises in difficulty over the past one year thus saving thousands of jobs and preserving our export momentum. For all these, I would like to express my appreciation to Mr Anthony Withers both in his capacity as CEO of MCB as well as Chairman of MBA. I hope this partnership will flourish and strengthen in the future.

### **Role of SMEs in Mauritius**

Ladies and gentlemen,

SMEs also play a very important role in our economy. According to the latest CSO Report on Small Enterprises 2007, there were 91,979 units engaged across various sectors and employing some 208,797 persons. The contribution of the SMEs accounted for 20 % of GDP and 40 % of total employment. The report also

indicates that the SMEs sector remains one of the fastest growing sectors with growth of 22.8 % in number of units from the base year 2002, with growth of 18.8 in employment.

### **Government Programme**

SMEs development is central to Government's drive to face the oncoming challenges, foster socioeconomic development and promote economic efficiency, equity and social justice. We have the vision to create a nation of creative and innovative entrepreneurs.

Our new economic model is anchored around entrepreneurship development. Employment, income and wealth are generated by entrepreneurs. Our country has been fortunate enough to have a pool of entrepreneurs which has played a vital role in the economic development process. However, expanding this entrepreneurial base is an important objective that this Government is determined to pursue to sustain development and improve the living standards of its people.

The Government Programme on SMEs reflects very well our determination to mainstream SME issues into the national economic development framework. Government is committed to open up and broaden the entrepreneurship base through a diversified range of empowerment initiatives.

To unlock the full potential of small entrepreneurs, we have provided productive resources and seed capital to kick-start new projects, expand and consolidate existing ones together with the necessary assistance and support to help them overcome teething implementation problems. As part of this programme, a number of key policy measures have been taken since 2005. Let me recall some of them:

The Business Facilitation Act was a landmark piece of legislation introduced to diminish the hassle of entrepreneurs for starting a business by streamlining and reducing the administrative processes and also by establishing clear set of guidelines. Today, an SME complying with established requirements can obtain clearance to start operation within three working days compared to over six months in the past. The considerable improvement in the ease of doing business in the country is widely recognised now.

To sensitise entrepreneurs a series of entrepreneurship outreach awareness campaign have been initiated, bringing support services to the doorsteps of potential entrepreneurs particularly those residing in the distant and remote rural areas. The process for registration of enterprises was also simplified. As a result of this awareness programme the number of registered enterprises

has since 2005 jumped to 10,000 from a stock of 2,200 enterprises prior to July 2005.

To improve access to finance a number of innovative financial schemes providing affordable finance have been introduced. Under the Booster Loan Scheme an amount of Rs. 100,000 is provided without collateral on concessionary terms. A Quasi-Equity Scheme providing for both equity and loan finance up to ceiling of Rs. 500,000 on preferential terms is available. Under these schemes 8,600 entrepreneurs have benefited from an aggregate amount of Rs. 1.3 billion of loans.

With a view to improving access to space, a number of existing buildings belonging to BPML have been converted into smaller lots to match the needs of SMEs. On the other hand, DBM has constructed two mini industrial estates dedicated to SMEs at Terre Rouge and La Tour Koenig.

To encourage a larger number of SMEs to export, special grant schemes providing financial are being implemented. This has enabled more enterprises to explore export opportunities and establish contacts with potential buyers. At the same time, projects to develop the export readiness of SMEs have been initiated.

Government has under the MASMED Fund and SJR Fund provided adequate financial resources to assist the sector to confront the challenges and adjust itself. Seven projects with a financial outlay of Rs. 102 million under MASMED fund have been initiated.

### **New SMEDA Bill**

A few days ago a new piece of legislation, the SMEDA Bill, was introduced. This is another step in the same direction designed to bring a new dynamism, strengthen and consolidate the SME sector. This legislation will provide for stronger institutional mechanism and improved coordinated effort to better respond to the growing needs of SMEs.

### **Budget 2010-Shoring up the SME Sector**

As you are aware the 2010 Budget has laid considerable emphasis on the development of SMEs and has introduced no more than 20 innovative measures to propel development of SMEs to a new height.

The various measures encompass access to finance, industrial space, technology development, mentoring etc.

I would like to underline some of the key measures directly related to the manufacturing, science, and research and innovation sectors namely:

1. The SME Partnership Fund providing equity capital to the SMEs is being revamped with the collaboration of AFD and the World Bank.
2. The launching of the Mauritius Business Growth Scheme to encourage High Potential Start Ups for using technological innovation.
3. Extension of the Leasing Equipment Modernisation Scheme to cover all productive equipment, including goods vehicles, for SMEs.
4. Creation of a venture capital fund by Business Angels for the development of a modern breed of entrepreneur, techno-entrepreneur, designed to promote startups in knowledge based enterprises.
5. 100 arpents of land has been earmarked for construction of industrial buildings for SMES
6. Rs. 20 million has been provided for a permanent exhibition centre
7. Setting up of an export credit scheme

## **The Role of Enterprise Mauritius**

Enterprise Mauritius which is the executive arm of my Ministry has a mandate to implement many of the facilities provided for in this 2010 budget and continue to provide assistance to both the manufacturing and service sector in a sustainable manner including:

- acting as technology watch and a focal point for technology diffusion
- providing market information, develop competitive intelligence and cater for export promotion
- identifying, tracking and coordinating skills needs and trends for innovative production
- facilitating strategic partnership and global networking
- providing advisory services on enterprise development

EM has during the period January to October 2009 provided assistance to 264 enterprises, of which 160 are SMEs. An amount of Rs. 32.8 million has already been committed.

With globalisation and trade liberalisation, challenges are emerging and new market opportunities are opening up. SMEs have to be competitive and efficient in order to successfully confront the challenges and take advantages of the opportunities. Presently, only a small part of the SME sector is able to identify and exploit these opportunities and deal with the challenges. The

majority of SMEs , however, has been less able or unable to exploit the benefits of globalisation. Our policy is to develop a vibrant , technology driven and globally competitive SME sector . These measures combined the new ones will no doubt give a further to the development of SMEs in Mauritius.

Ladies and Gentlemen,

With these few words I would like to conclude by wishing the seventy five SMEs and other participants attending this meeting a fruitful discussion.

I thank you for your attention.

D.G.