

# Trends and Challenges in MSME Development in Developing Asia and the Pacific

## Key Findings from Asia SME Monitor 2024

*ASM 2024 Launch Seminar, Session 1  
20 November 2024*

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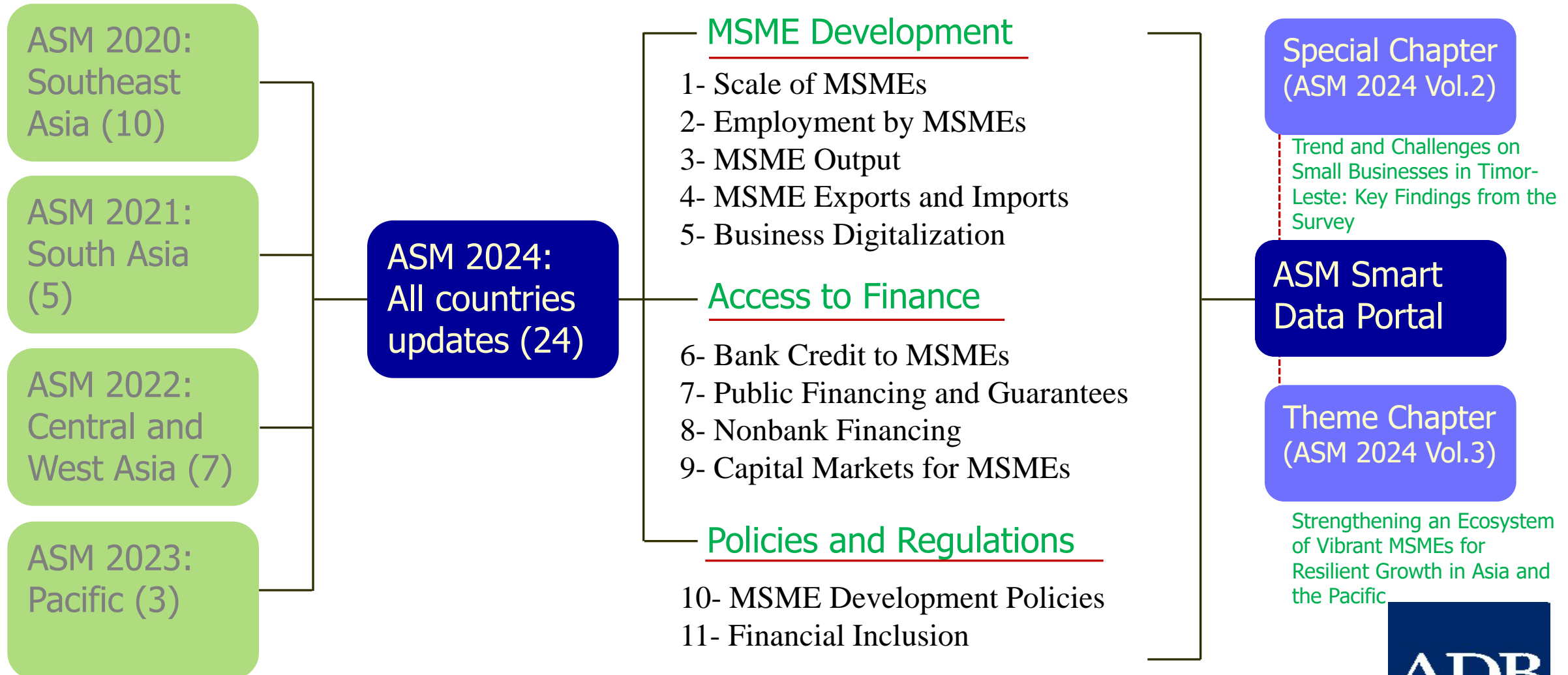
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Asian Development Bank

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# A New Data Structure



# MSME Development

MSMEs to Total Enterprises and MSME Employees to Total Workforce, % per year

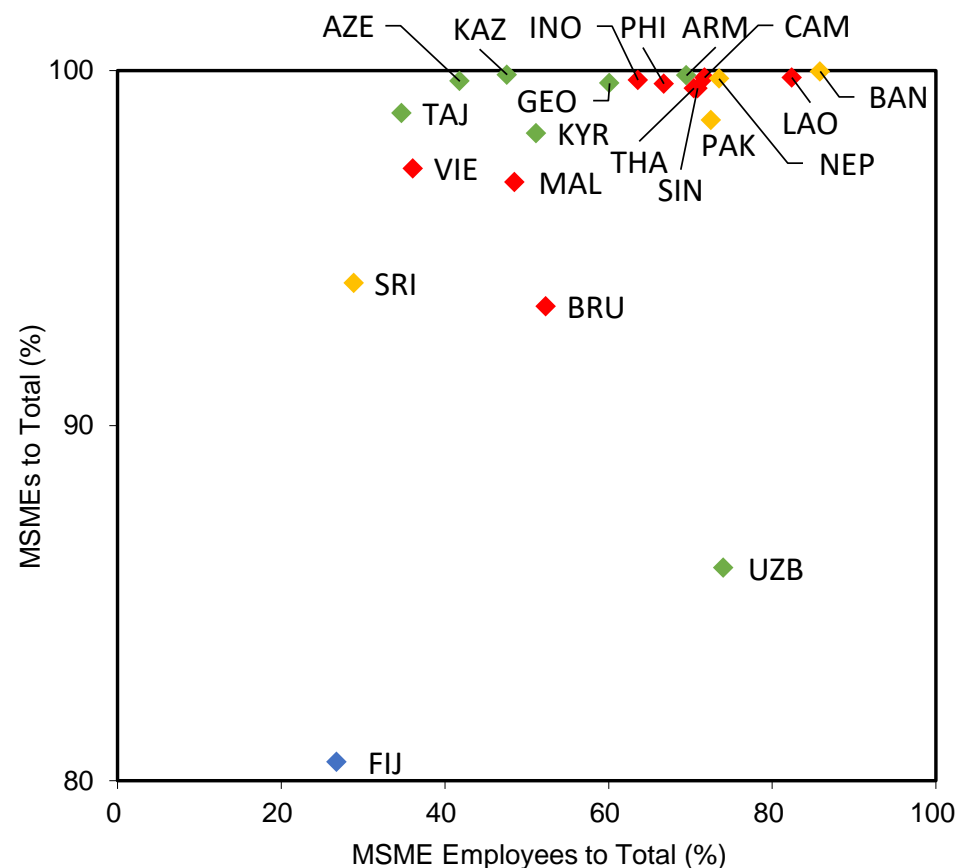
	Scale of MSMEs					Employment by MSMEs				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
<b>Developing Asia</b>	<b>99.0</b>	<b>99.1</b>	<b>99.3</b>	<b>99.3</b>	<b>98.7</b>	<b>64.5</b>	<b>61.9</b>	<b>65.0</b>	<b>61.1</b>	<b>64.6</b>
<b>Caucasus and Central Asia</b>	<b>99.7</b>	<b>99.7</b>	<b>99.7</b>	<b>99.7</b>	<b>97.5</b>	<b>64.6</b>	<b>63.1</b>	<b>63.1</b>	<b>65.0</b>	<b>66.1</b>
Armenia	99.8	99.8	99.9	99.9	...	69.8	68.7	69.6	69.5	...
Azerbaijan	99.6	99.7	99.7	99.7	...	43.7	42.1	41.7	41.8	...
Georgia	99.7	99.7	99.7	99.6	...	65.0	62.8	61.8	60.1	...
Kazakhstan	99.8	99.8	99.8	99.9	99.9	39.3	39.8	39.9	45.8	47.6
Kyrgyz Republic	98.2	98.3	98.2	98.1	98.2	53.0	52.6	49.3	47.1	51.2
Tajikistan	98.6	98.6	98.6	98.7	98.8	33.0	33.7	34.7	...	...
Uzbekistan	99.3	99.3	99.3	99.3	86.0	76.2	74.5	74.5	73.9	74.0
<b>South Asia</b>	<b>94.0</b>	<b>98.6</b>	<b>...</b>	<b>99.8</b>	<b>99.8</b>	<b>71.8</b>	<b>73.5</b>	<b>72.5</b>	<b>...</b>	<b>...</b>
Bangladesh	...	...	...	...	...	...	...	...	...	...
India	...	...	...	...	...	...	...	...	...	...
Nepal	...	...	...	99.8	99.8	...	73.5	...	...	...
Pakistan	...	98.6	...	...	...	72.4	...	72.5	...	...
Sri Lanka	94.0	...	...	...	...	28.9	...	...	...	...
<b>Southeast Asia</b>	<b>98.9</b>	<b>99.2</b>	<b>99.2</b>	<b>99.0</b>	<b>99.0</b>	<b>58.3</b>	<b>60.6</b>	<b>60.4</b>	<b>59.3</b>	<b>63.9</b>
Brunei Darussalam	93.7	92.9	93.2	93.4	...	52.8	50.1	52.2	52.3	...
Cambodia	...	...	...	...	...	...	...	...	...	...
Indonesia	...	99.8	99.7	...	...	...	65.4	63.6	...	...
Lao People's Democratic Republic	...	99.8	...	...	...	...	...	...	...	...
Malaysia	97.3	97.2	97.4	98.0	96.9	48.4	48.0	47.8	48.2	48.5
Philippines	99.5	99.5	99.6	99.6	99.6	62.4	62.7	64.7	65.1	66.8
Singapore	99.5	99.6	99.6	99.5	99.5	71.5	70.8	70.6	71.0	70.9
Thailand	99.5	99.5	99.6	99.5	99.5	69.5	71.7	71.9	71.0	70.4
Viet Nam	97.4	97.4	97.4	97.2	...	37.5	36.3	36.1	36.1	...
<b>The Pacific</b>	<b>85.0</b>	<b>87.6</b>	<b>86.1</b>	<b>96.6</b>	<b>96.5</b>	<b>20.2</b>	<b>28.3</b>	<b>26.8</b>	<b>...</b>	<b>...</b>
Fiji	79.4	82.4	80.5	...	...	20.2	28.3	26.8	...	...
Papua New Guinea	...	...	...	...	...	...	...	...	...	...
Samoa	96.4	96.8	96.5	96.6	96.5	...	...	...	...	...

MSME Output to GDP and MSME Exports to Total Export Value, % per year

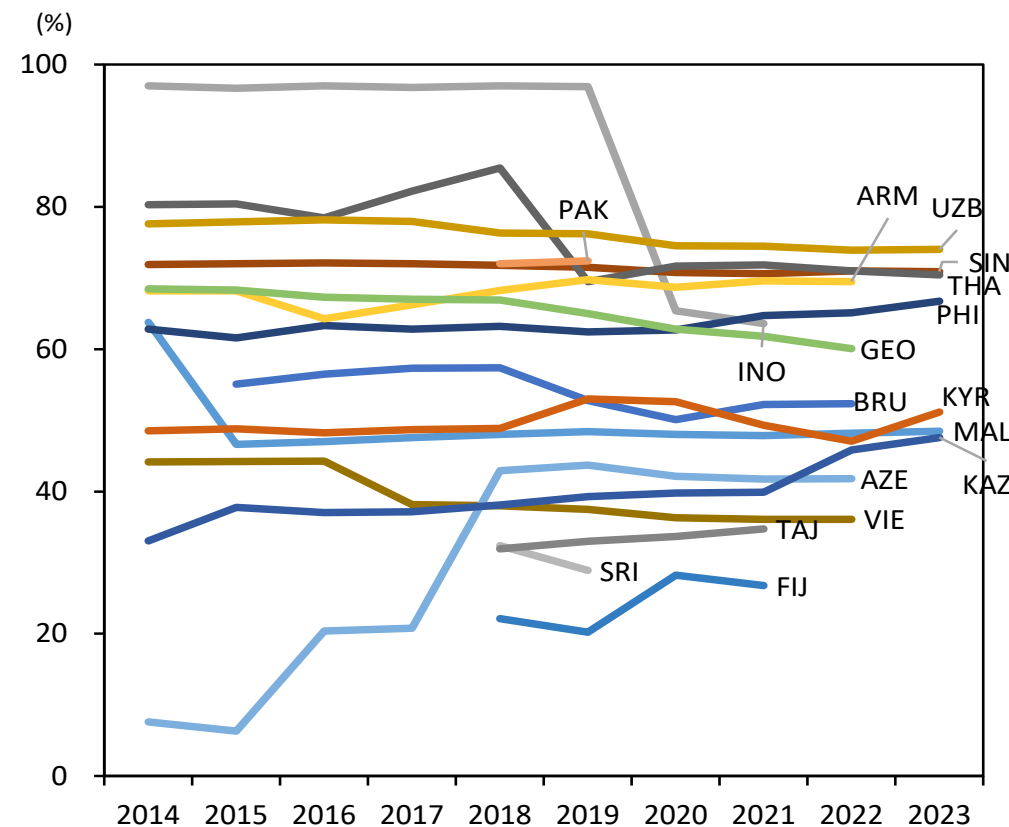
	MSME Output					MSME Exports				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
<b>Developing Asia</b>	<b>43.5</b>	<b>37.7</b>	<b>37.9</b>	<b>37.5</b>	<b>38.3</b>	<b>35.5</b>	<b>39.6</b>	<b>33.8</b>	<b>12.1</b>	<b>15.1</b>
<b>Caucasus and Central Asia</b>	<b>39.3</b>	<b>40.1</b>	<b>39.9</b>	<b>39.6</b>	<b>42.1</b>	<b>34.0</b>	<b>32.5</b>	<b>31.8</b>	<b>38.4</b>	<b>30.7</b>
Armenia <sup>1</sup>	26.0	26.3	27.7	28.5	...	...	...	...	...	...
Azerbaijan <sup>1</sup>	14.9	16.7	16.4	13.9	...	...	...	...	...	...
Georgia <sup>1</sup>	59.3	60.8	52.8	50.5	...	50.7	54.7	51.3	48.3	32.3
Kazakhstan <sup>1</sup>	31.7	32.8	33.5	35.1	36.5	...	...	...	...	...
Kyrgyz Republic	39.3	39.1	43.8	38.8	40.5	35.4	24.9	27.3	66.9	39.9
Tajikistan	59.5	58.4	59.4	60.0	61.7	...	...	...	...	...
Uzbekistan	55.3	54.8	54.1	51.8	51.2	27.0	20.5	20.0	21.6	28.5
<b>South Asia</b>	<b>29.0</b>	<b>7.9</b>	<b>8.0</b>	<b>7.6</b>	<b>7.4</b>	<b>48.1</b>	<b>49.8</b>	<b>49.8</b>	<b>...</b>	<b>...</b>
Bangladesh <sup>2</sup>	9.2	8.8	8.9	8.5	8.3	...	...	...	...	...
India	30.3	...	...	...	...	48.1	49.8	49.8	...	...
Nepal	22.0	...	...	...	...	...	...	...	...	...
Pakistan <sup>3</sup>	1.9	1.9	2.0	2.0	2.2	...	...	...	...	...
Sri Lanka	...	...	...	...	...	...	...	...	...	...
<b>Southeast Asia</b>	<b>51.6</b>	<b>39.6</b>	<b>40.0</b>	<b>39.2</b>	<b>39.6</b>	<b>15.8</b>	<b>12.6</b>	<b>10.6</b>	<b>9.6</b>	<b>12.8</b>
Brunei Darussalam	6.7	7.7	7.1	5.9	...	...	...	...	...	...
Cambodia	...	...	...	...	...	...	...	...	...	...
Indonesia	60.5	...	...	...	...	15.7	...	...	...	...
Lao People's Democratic Republic	...	...	...	...	...	...	...	...	...	...
Malaysia <sup>4</sup>	38.9	38.1	37.4	38.6	39.1	17.9	13.5	11.4	10.6	12.2
Philippines	...	...	...	...	...	...	...	...	...	...
Singapore <sup>5</sup>	44.3	47.2	46.9	43.1	43.9	...	...	...	...	...
Thailand	35.1	34.2	34.5	35.1	35.2	13.3	11.7	12.0	10.7	13.4
Viet Nam	...	...	...	...	...	...	...	8.1	7.1	...
<b>The Pacific</b>	<b>7.8</b>	<b>6.3</b>	<b>5.0</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
Fiji <sup>1</sup>	7.8	6.3	5.0	...	...	...	...	...	...	...
Papua New Guinea	...	...	...	...	...	...	...	...	...	...
Samoa	...	...	...	...	...	...	...	...	...	...

MSMEs hold a large percentage of all enterprises in developing Asia. The number of jobs created varies by country; it remains limited overall and affected by global shocks and uncertainty.

A. Number of MSMEs and Employment, 2023



B. MSME Employees to Total, 2014–2023

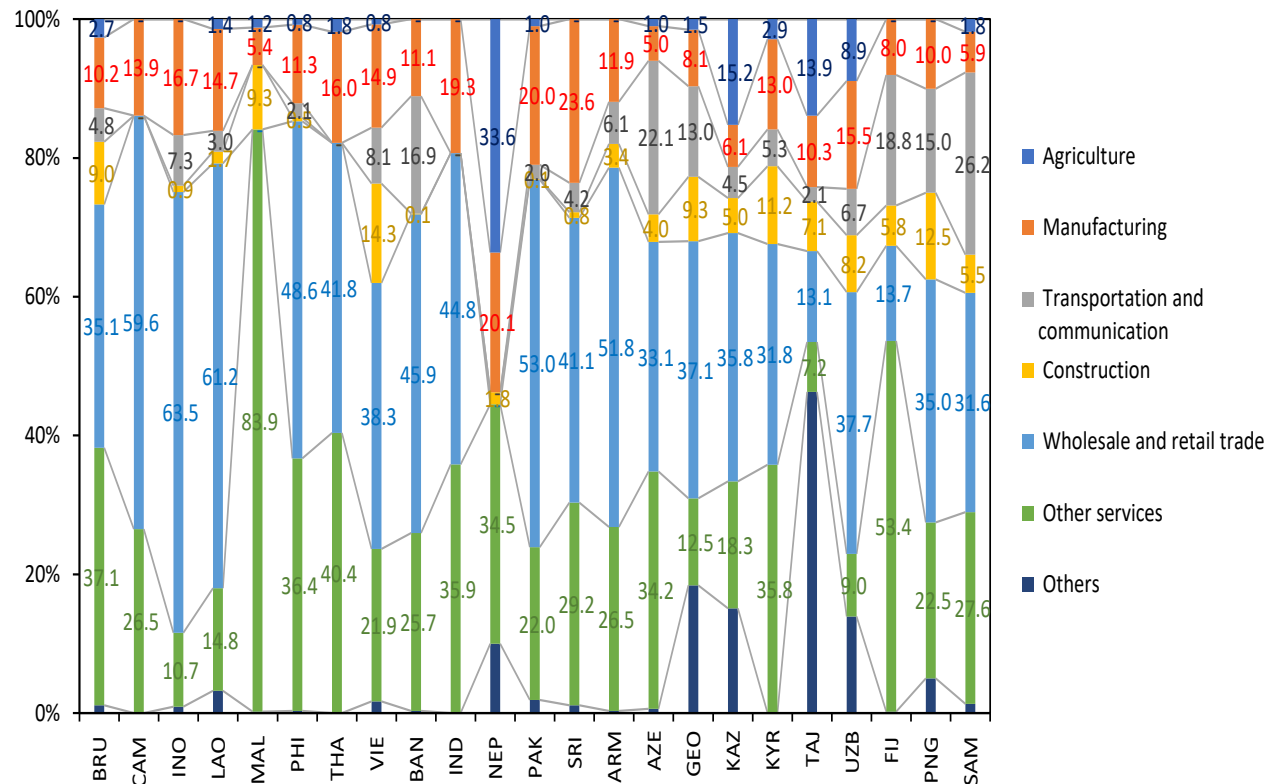


Notes: For Figure A, data refer to the latest available data until 2023 (end-of-year). For the share of MSMEs to total enterprises, data in 2023 for MAL, PHI, SIN, THA, NEP (fiscal year [FY] ended 15 July), KAZ, KYR, TAJ, and UZB; data in 2022 for BRU, VIE, ARM, AZE, and GEO; data in 2021 for INO and FIJ; data in 2020 for LAO and PAK; data in 2019 for SRI; data in 2014 for CAM; and data in 2013 for BAN. For the share of MSME employees to total workforce, data in 2023 for MAL, PHI, SIN, THA, KAZ, KYR, and UZB; data in 2022 for BRU, VIE, ARM, AZE, and GEO; data in 2021 for INO, PAK (FY ended 30 June), TAJ, and FIJ; data in 2020 for NEP (FY); data in 2019 for SRI; data in 2018 for LAO; data in 2014 for CAM; and data in 2013 for BAN. For Figure B, data after 2020 in INO refer to the National Labor Force Survey (Sakernas).

Source: ADB Asia SME Monitor 2024 database.

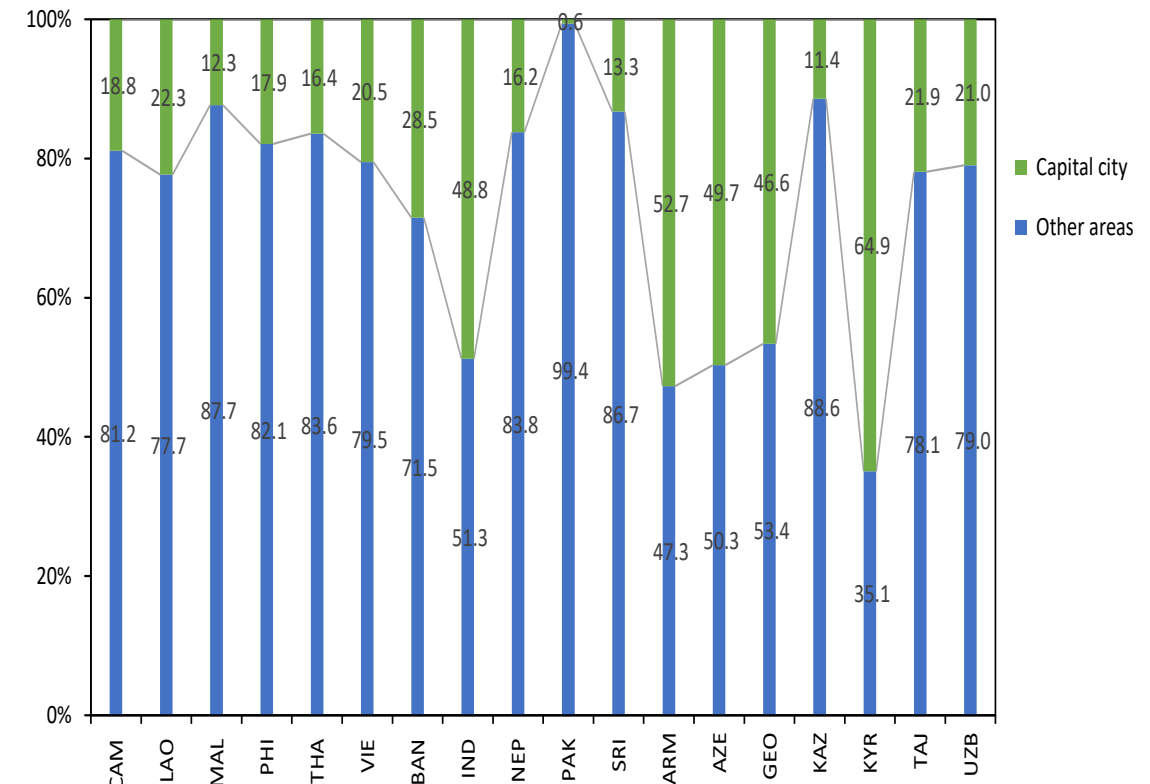
Roughly two-thirds of MSMEs are in services and employ around two-thirds of MSME workers in observed countries. A sound development of services-oriented MSMEs, especially in rural areas, will generate more jobs, expand output, and promote inclusive growth.

A. MSMEs by Sector



Note: Data refer to the latest available data until 2024. Data in 2024 for IND (fiscal year [FY] ended 31 March); data in 2023 for KAZ, KYR, MAL, NEP (FY ended 15 July), PHI, SAM, TAJ, THA, and UZB; data in 2022 for ARM, AZE, BRU, GEO, and VIE; data in 2021 for FIJ; data in 2020 for LAO; data in 2016 for INO and PNG; data in 2014 for CAM; data in 2013 for BAN and SRI; and data in 2005 for PAK.

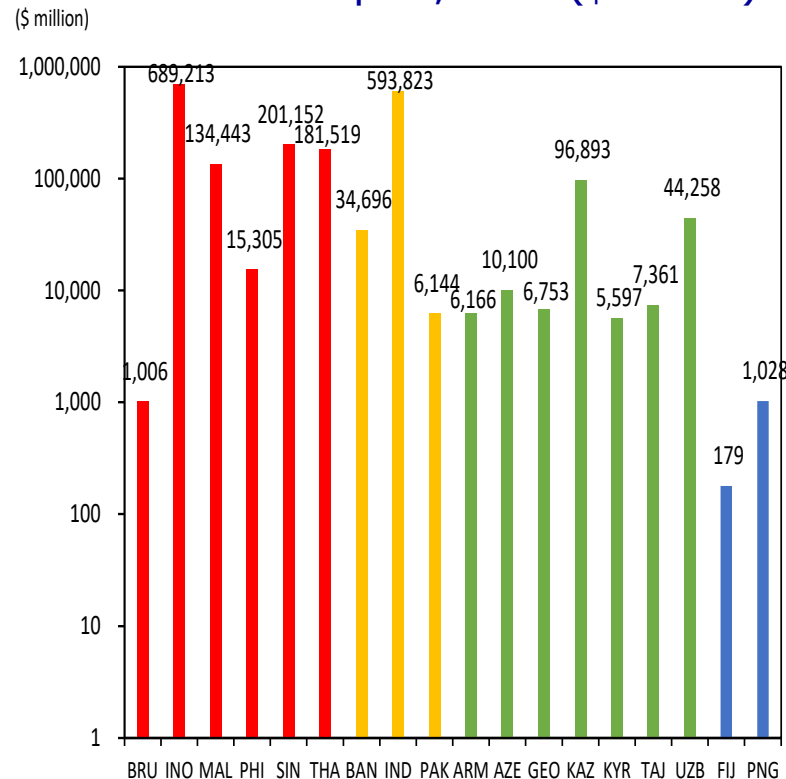
B. MSMEs by Region



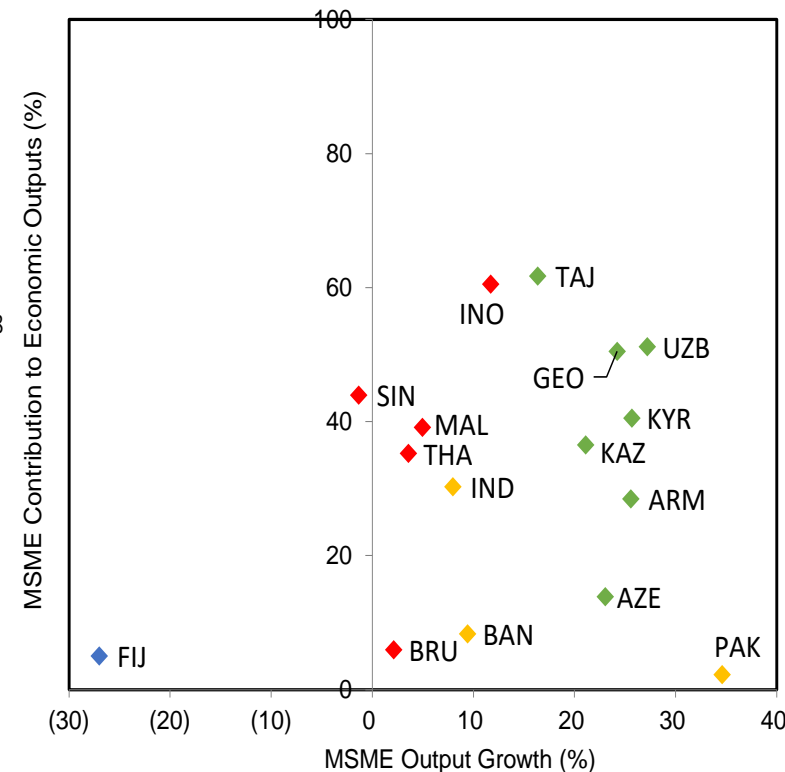
Note: Data refer to the latest available data until 2023 (end-of-year). Data in 2023 for KAZ, KYR, MAL, NEP (fiscal year [FY] ended 15 July), PHI, TAJ, THA, and UZB; data in 2022 for ARM, AZE, GEO, and VIE; data in 2020 for LAO; data in 2018 for IND (FY); data in 2016 for PNG; data in 2014 for CAM; data in 2013 for BAN and SRI; and data in 2005 for PAK.

MSME contributions to national economic output is around 40% across developing Asia, with the Caucasus and Central Asia and Southeast Asia contributing most.

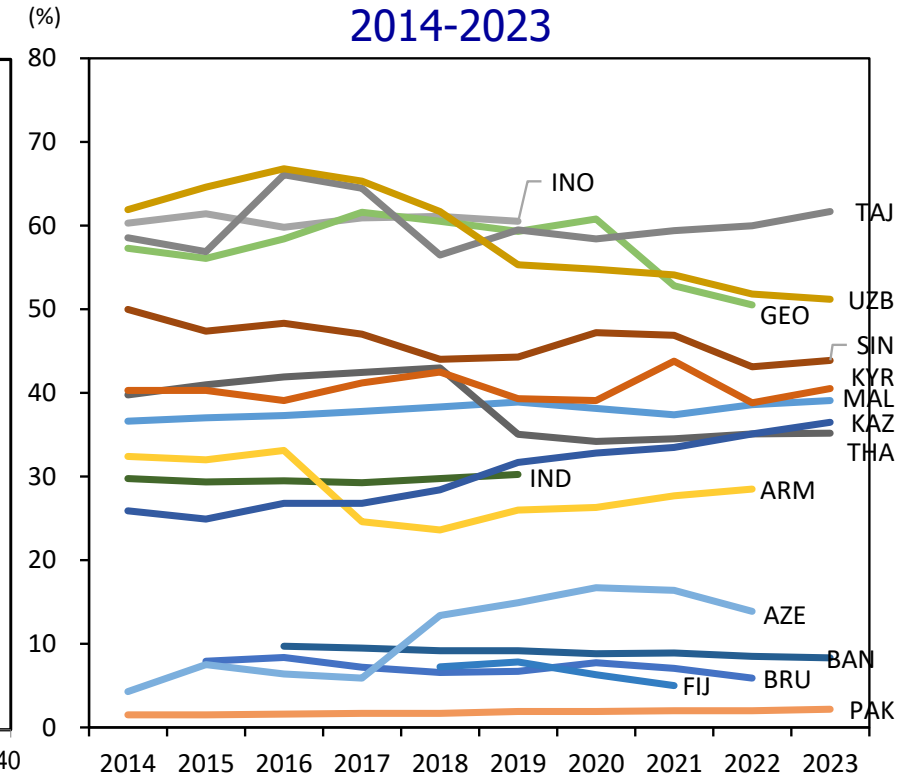
A. MSME Outputs, 2023 (\$ million)



B. MSME Outputs, 2023 (%)

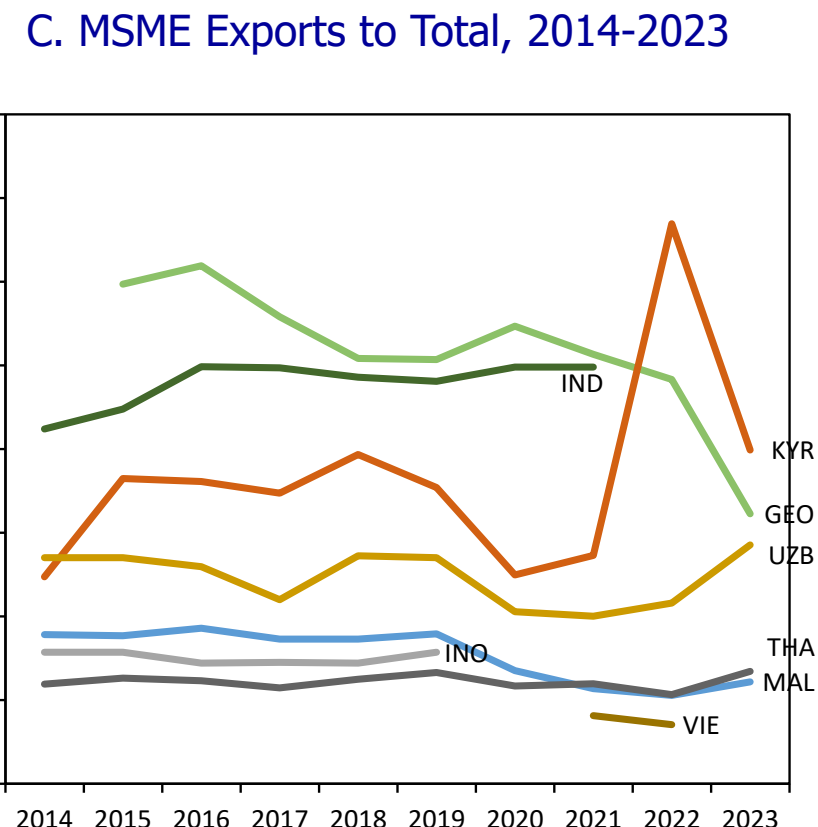
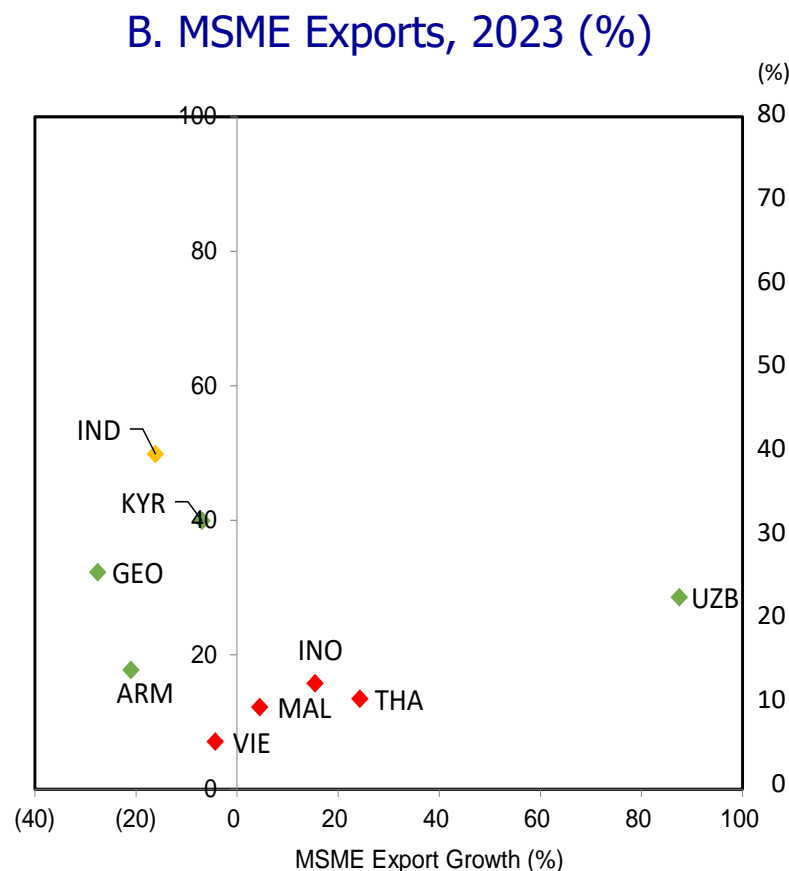
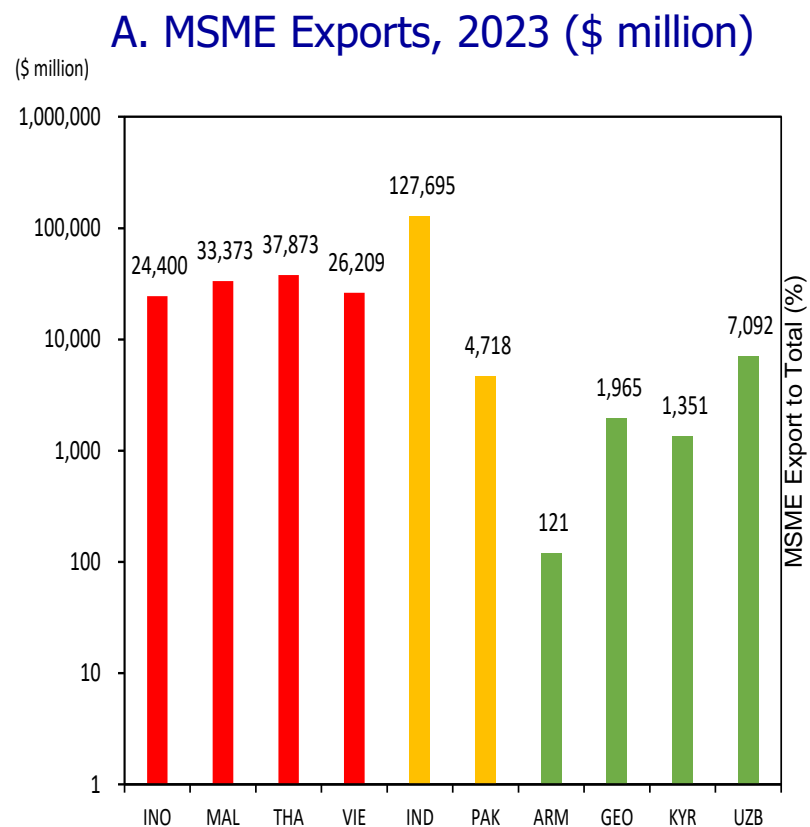


C. MSME Contribution to Economic Output, 2014-2023



Notes: Data based on gross domestic product (GDP) except for ARM, AZE, FIJ, GEO, and KAZ (MSME gross value added [GVA]) and SIN (nominal value added of small and medium-sized enterprises [SMEs]). For BAN, data based on real GDP of cottage and MSME manufacturers. For MAL, data based on real GDP. For PAK, GDP of small manufacturing sector only. Data refer to the latest available data until 2023 (end-of-year). Data in 2023 for BAN (fiscal year [FY] ended 30 June), KAZ, KYR, MAL, PAK, SIN, TAJ, THA, and UZB; data in 2022 for ARM, AZE, BRU, and GEO; data in 2021 for FIJ; data in 2019 for IND (FY ended 31 March), INO, and NEP (from the 2019 Nepal Rastra Bank Report); and data in 2016 for PNG (from SME Policy 2016). MSME output growth refers to annual growth from the previous year. For Figure A, exchange rates of local currency to US dollar refer to end-of-year currency rates from the International Monetary Fund's International Financial Statistics for designated years. Source: ADB Asia SME Monitor 2024 database.

A small fraction of MSMEs participate in international trade or in global supply chains that allow capable small firms to expand business across borders and enhance their competitiveness.



# Access to Finance

## MSME Loans to Total Bank Loans and to GDP, and MSME Nonperforming Loans to Total MSME Loans, % per year

	MSME Loans to Total					MSME Loans to GDP					MSME NPLs				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
<b>Developing Asia</b>	<b>20.6</b>	<b>17.3</b>	<b>17.4</b>	<b>17.3</b>	<b>17.7</b>	<b>16.4</b>	<b>13.7</b>	<b>10.5</b>	<b>10.1</b>	<b>10.3</b>	<b>7.3</b>	<b>8.7</b>	<b>8.8</b>	<b>7.3</b>	<b>5.5</b>
<b>Caucasus and Central Asia</b>	<b>26.8</b>	<b>24.8</b>	<b>28.1</b>	<b>29.8</b>	<b>29.2</b>	<b>9.4</b>	<b>9.8</b>	<b>9.2</b>	<b>10.1</b>	<b>10.6</b>	<b>17.5</b>	<b>8.4</b>	<b>4.7</b>	<b>4.1</b>	<b>3.1</b>
Armenia	28.4	30.2	31.6	30.9	31.0	14.8	19.1	16.8	14.2	15.3	3.6	5.3	2.1	1.5	1.8
Azerbaijan	25.0	24.3	26.7	29.0	27.5	4.5	4.6	4.8	4.2	5.2	21.5	12.0	6.8	5.6	3.7
Georgia	22.1	20.4	19.8	40.6	39.7	14.3	15.8	14.2	25.4	26.0	2.6	2.9	2.6	2.4	2.1
Kazakhstan	15.2	17.2	28.3	26.4	26.0	3.0	3.6	6.2	5.8	6.0	...	...	4.6	4.1	3.4
Kyrgyz Republic	77.8	78.7	76.8	71.9	66.7	18.4	21.3	19.3	16.0	15.4	...	...	...	...	...
Tajikistan	16.9	13.0	16.0	17.4	17.5	1.8	2.0	2.5	1.6	1.9	24.8	6.8	4.6	3.9	3.5
Uzbekistan	26.2	17.5	18.2	17.9	15.5	10.5	8.0	8.1	7.9	6.9	...	...	...	...	...
<b>South Asia</b>	<b>17.5</b>	<b>15.9</b>	<b>16.4</b>	<b>15.8</b>	<b>17.3</b>	<b>8.4</b>	<b>8.4</b>	<b>7.6</b>	<b>7.4</b>	<b>7.8</b>	<b>9.3</b>	<b>9.8</b>	<b>10.6</b>	<b>8.7</b>	<b>5.7</b>
Bangladesh	20.1	20.2	19.7	18.3	...	8.2	8.1	6.8	6.8	...	...	...	14.2	14.2	...
India	17.4	15.6	16.2	15.7	17.5	8.5	8.6	7.8	7.6	7.9	9.1	9.6	9.9	7.4	5.5
Nepal	...	...	...	...	7.9	...	...	...	...	7.2	...	...	...	...	...
Pakistan	7.6	7.3	6.5	5.8	6.0	1.3	1.2	1.1	1.3	0.5	16.8	16.9	15.9	14.6	15.0
Sri Lanka	...	11.1	11.9	10.5	9.5	...	4.7	5.1	3.4	2.7	...	...	...	...	...
<b>Southeast Asia</b>	<b>22.1</b>	<b>17.8</b>	<b>17.3</b>	<b>17.3</b>	<b>17.0</b>	<b>21.5</b>	<b>18.6</b>	<b>14.1</b>	<b>13.1</b>	<b>13.1</b>	<b>4.4</b>	<b>7.8</b>	<b>5.8</b>	<b>5.6</b>	<b>5.5</b>
Brunei Darussalam	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	...	0.2	0.7	2.5	2.2
Cambodia	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Indonesia	19.7	19.9	21.2	21.0	20.6	7.0	7.0	7.2	6.9	7.0	3.6	4.0	3.8	3.4	3.7
Lao People's Democratic Republic	19.8	20.1	14.7	12.0	11.3	8.5	9.1	7.0	7.2	7.4	...	...	...	...	...
Malaysia	14.5	15.4	15.4	16.2	16.7	18.4	21.5	20.7	19.8	21.2	3.7	3.2	3.1	3.6	3.8
Philippines	6.1	4.9	4.6	4.3	4.1	3.2	2.7	2.4	2.2	2.1	5.5	9.9	11.2	9.3	10.3
Singapore	6.3	6.7	6.9	7.1	7.1	16.8	19.0	17.1	14.3	13.2	4.5	4.6	3.4	3.1	3.1
Thailand	30.9	21.6	21.5	21.1	20.1	30.3	...	...	...	...	4.7	7.7	7.5	7.5	7.4
Viet Nam	...	21.5	...	...	...	...	28.9	...	...	...	...	11.3	...	...	...
<b>The Pacific</b>	<b>20.4</b>	<b>23.3</b>	<b>23.1</b>	<b>33.1</b>	<b>23.8</b>	<b>7.8</b>	<b>9.1</b>	<b>8.8</b>	<b>8.7</b>	<b>6.7</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>
Fiji	8.5	9.3	12.2	10.9	9.7	5.2	6.8	9.9	7.7	6.7	...	...	...	...	...
Papua New Guinea	15.2	19.7	21.2	35.2	...	3.8	5.0	4.8	7.1	...	...	...	...	...	...
Samoa	54.1	56.4	52.0	51.0	49.3	26.2	30.0	28.2	26.0	...	...	...	...	...	...

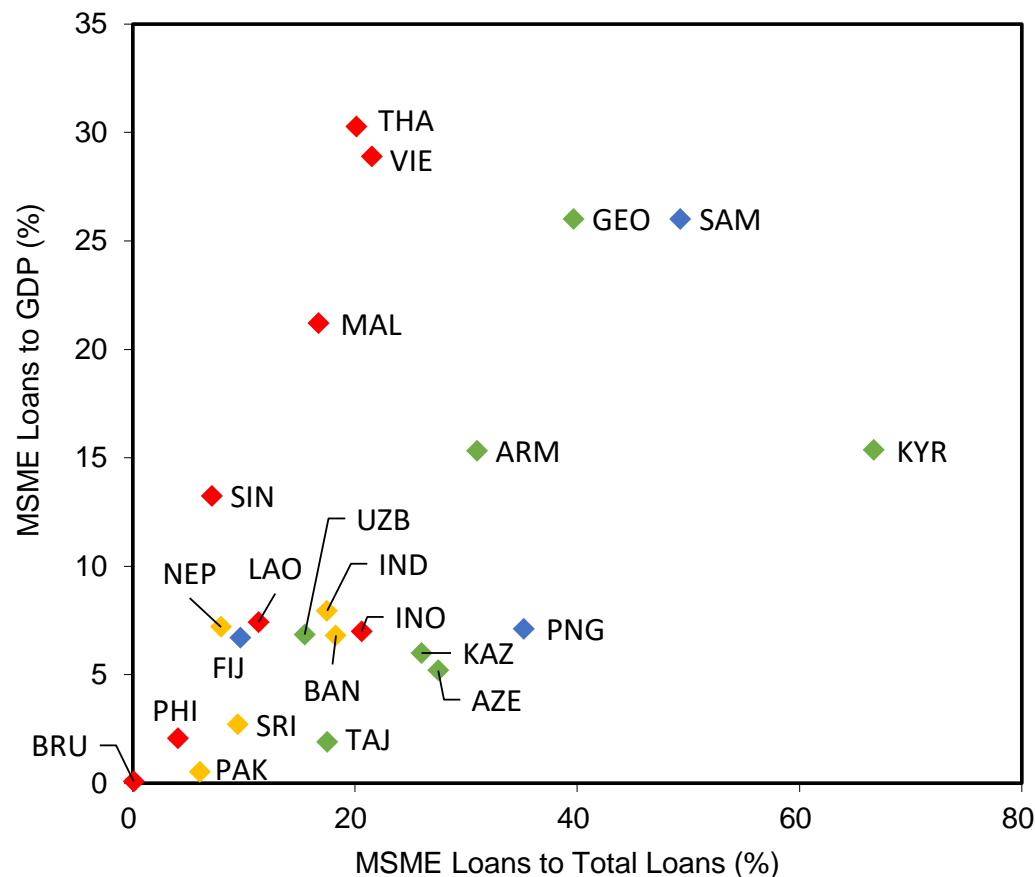
## MSME Equity Markets

	Market Capitalization, \$ million					Number of Listed Companies				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
<b>Developing Asia</b>										
<b>Caucasus and Central Asia</b>										
Armenia - Platform C	...	233	332	437	432	...	...	...	...	...
Kazakhstan - Alternative Board	2,228	1,103	1,223	901	941	48	44	89	41	39
Tajikistan - SME Board	4.1	3.5	3.6	4.5	4.2	1	2	3	2	2
<b>South Asia</b>										
Bangladesh - SME Platform, CSE	...	...	7.0	171	122	...	...	1	12	16
Bangladesh - SME Platform, DSE	...	...	42	161	231	...	...	7	14	18
India - NSE Emerge	2,553	2,090	2,930	5,856	7,185	291	321	334	367	430
India - BSE SME Exchange	1,122	767	1,285	2,715	6,470	206	214	236	289	405
Pakistan - GEM	...	...	11.4	17.2	8.8	...	...	2	3	3
Sri Lanka - Empower Board	...	...	14.5	1.9	...	...	...	2	3	3
<b>Southeast Asia</b>										
Indonesia - Acceleration Board	...	75.7	226	300	527	...	5	15	25	41
Malaysia - ACE	4,604	8,875	7,031	7,626	8,456	129	135	141	159	173
Malaysia - LEAP	595	785	1,121	1,222	1,380	28	34	44	47	48
Philippines - SME Board	228	1,216	590	543	451	5	7	7	10	10
Singapore - Catalist	7,266	8,314	8,671	6,890	5,721	216	217	217	212	205
Thailand - mai	7,136	7,823	14,123	15,490	12,329	169	175	183	198	213
Viet Nam - UPCoM	39,384	43,262	61,286	40,538	44,315	872	910	892	856	863

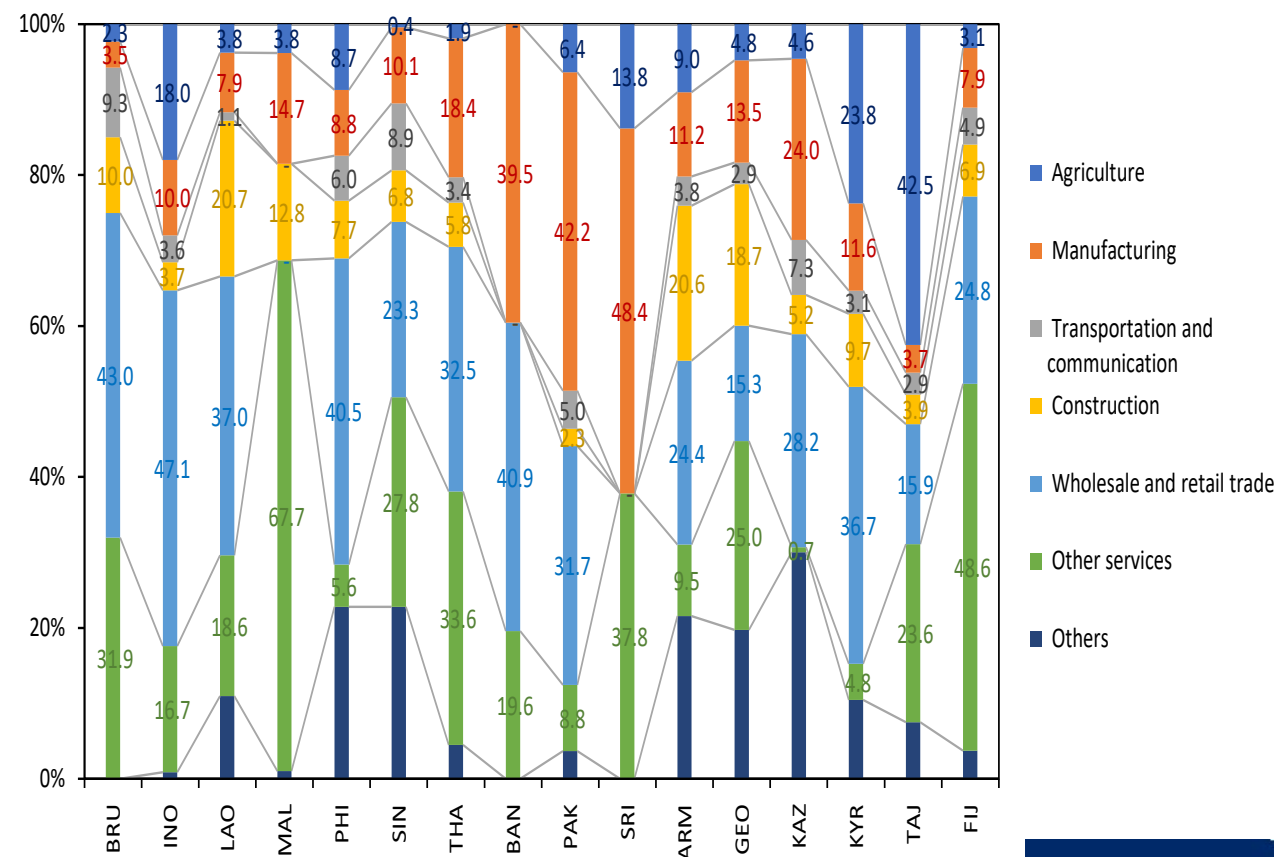


In developing Asia, MSMEs borrowed 17.7% of all bank loans in 2023 or equivalent to an average 10.3% of a country's GDP; the MSME bank credit market remains small.

A. MSME Loans Outstanding, 2023

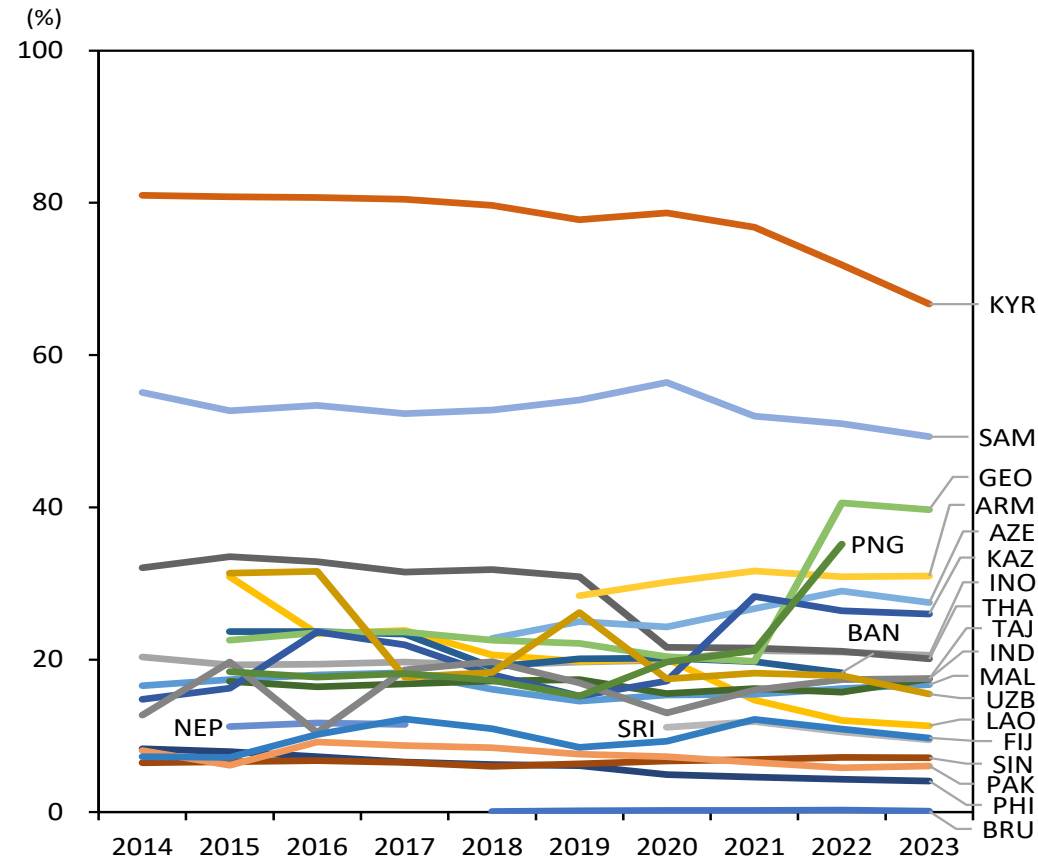


B. MSME Loans Outstanding by Sector, 2023

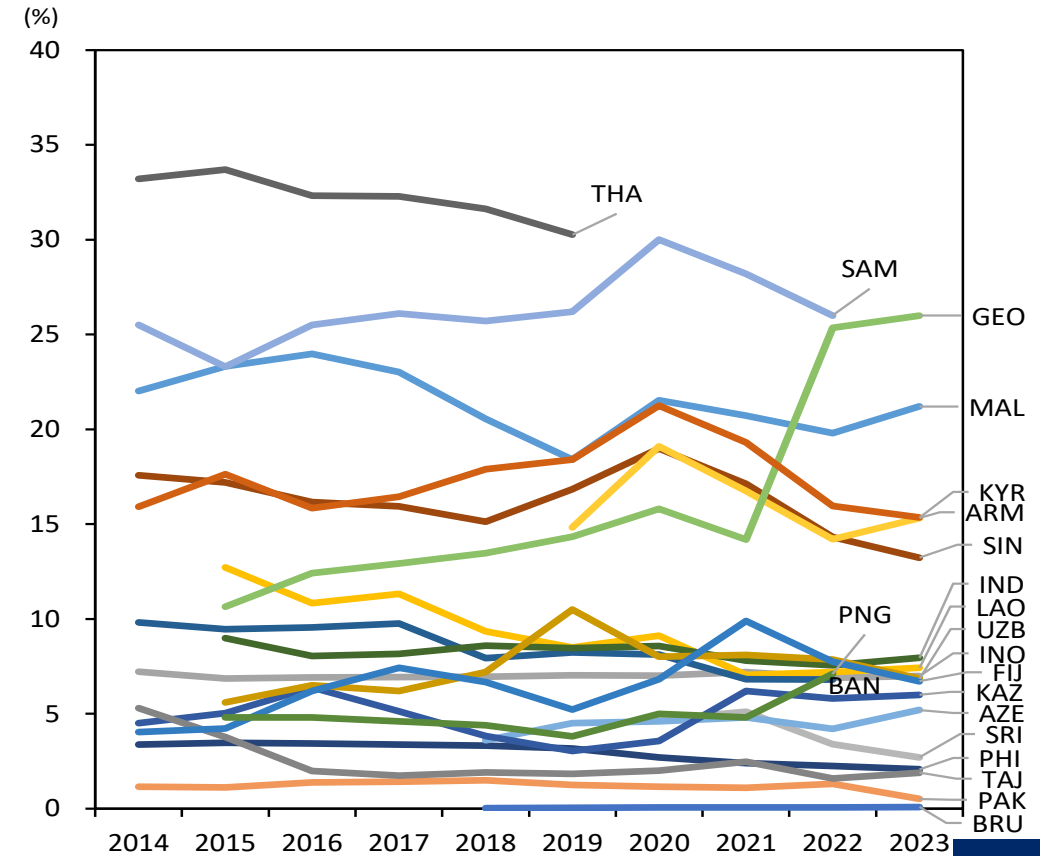


Despite the pandemic, MSME credit shares grew in the Caucasus and Central Asia during 2019–2023. In South Asia, these shares gradually fell. In Southeast Asia, the shares largely fell. In the Pacific, the shares were mixed, with their credit markets quite small.

A. MSME Loans to Total Loans, 2014-2023

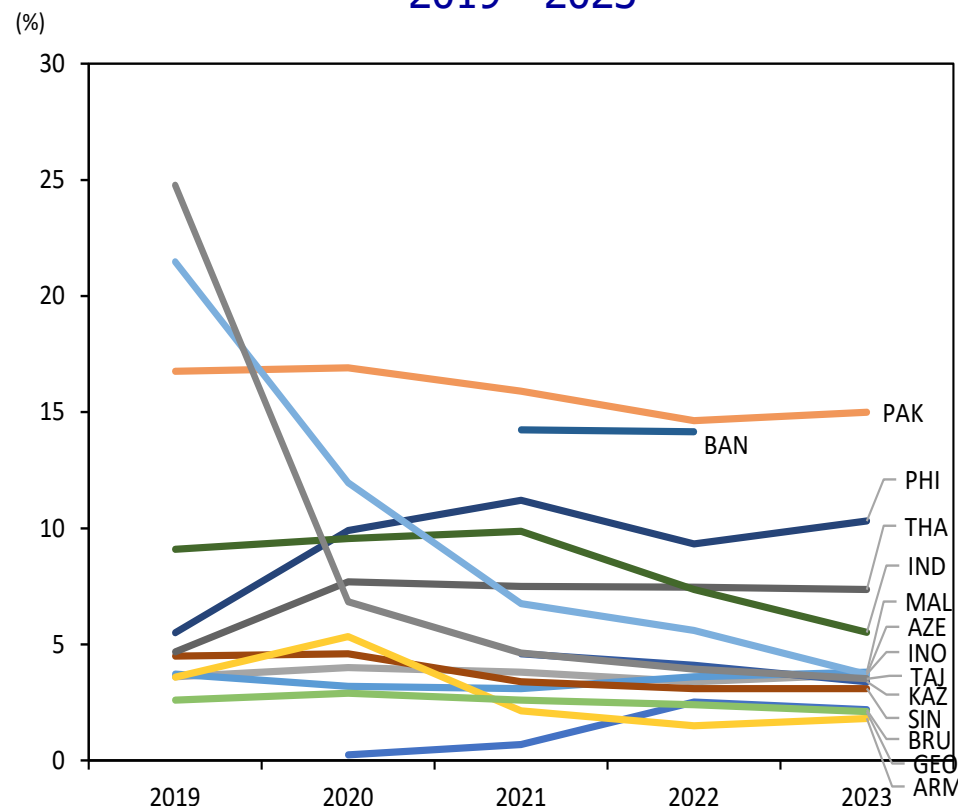


B. MSME Loans to GDP, 2014-2023

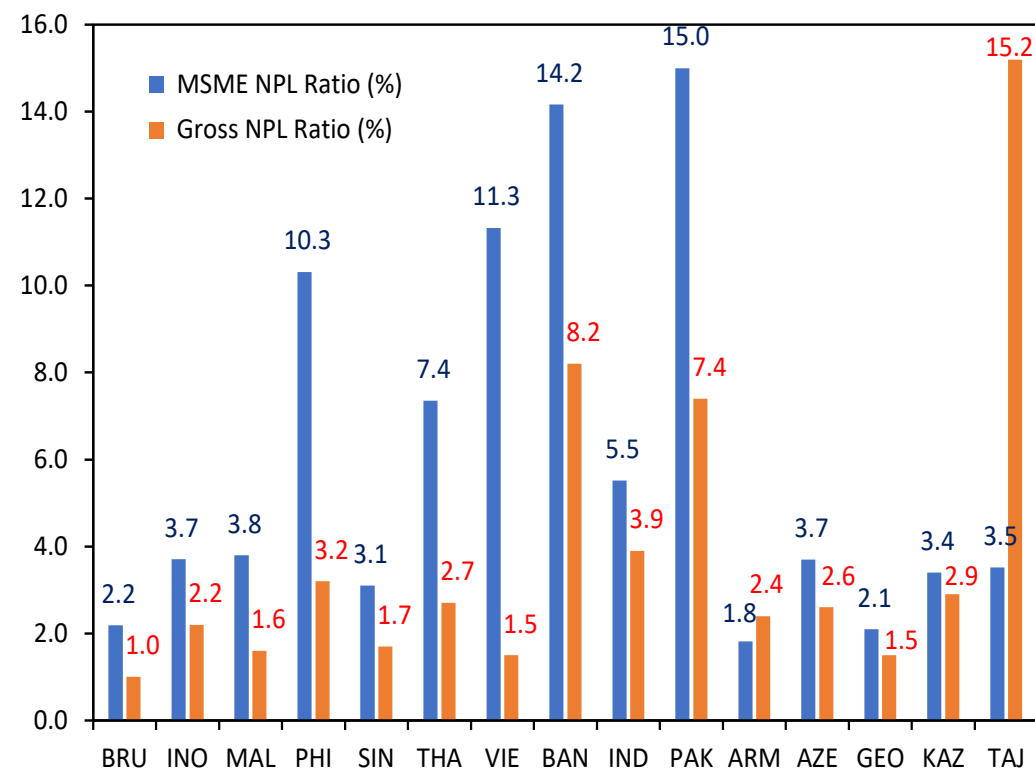


The share of NPLs to total MSME loans declined gradually through 2023 despite the pandemic, but remained high exceeding gross bank NPL ratio, except Armenia and Tajikistan.

A. MSME NPLs to Total MSME Bank Loans, 2019 - 2023

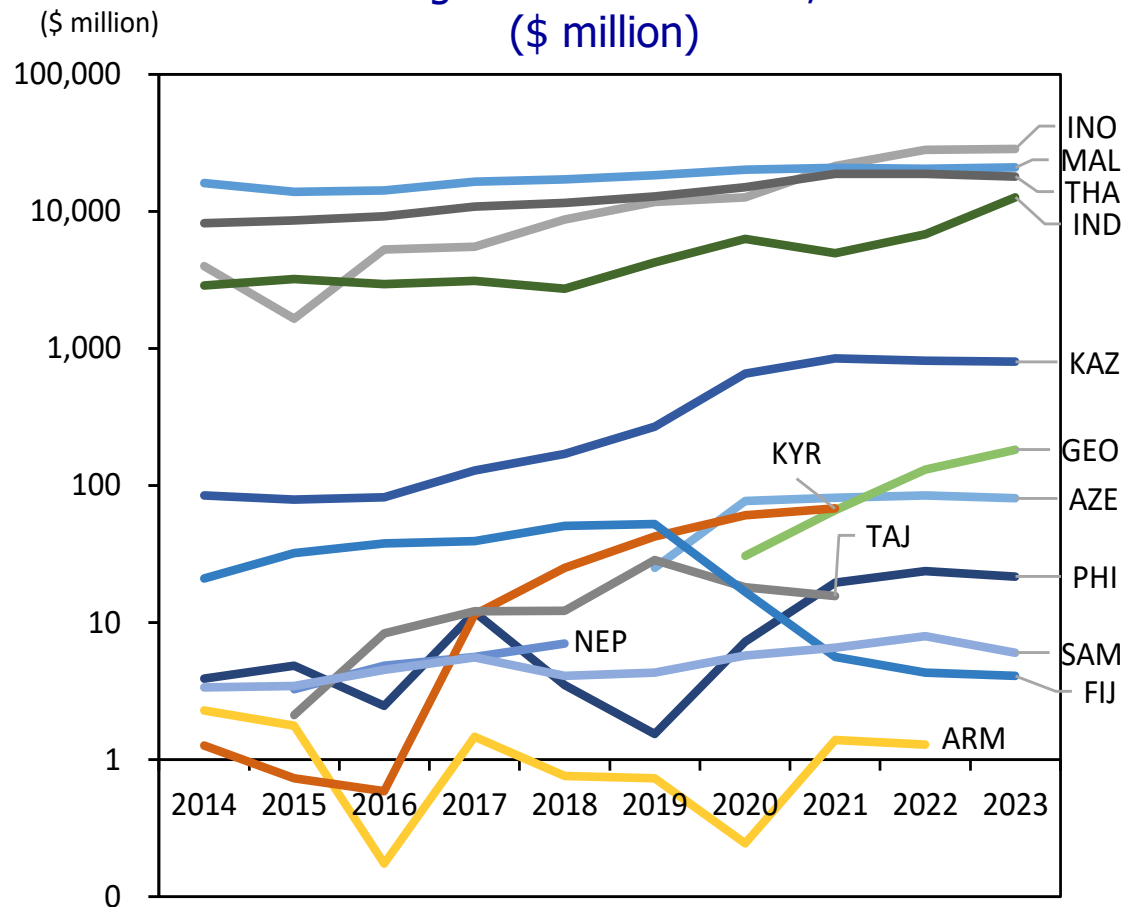


B. MSME NPLs and Gross NPLs, 2023

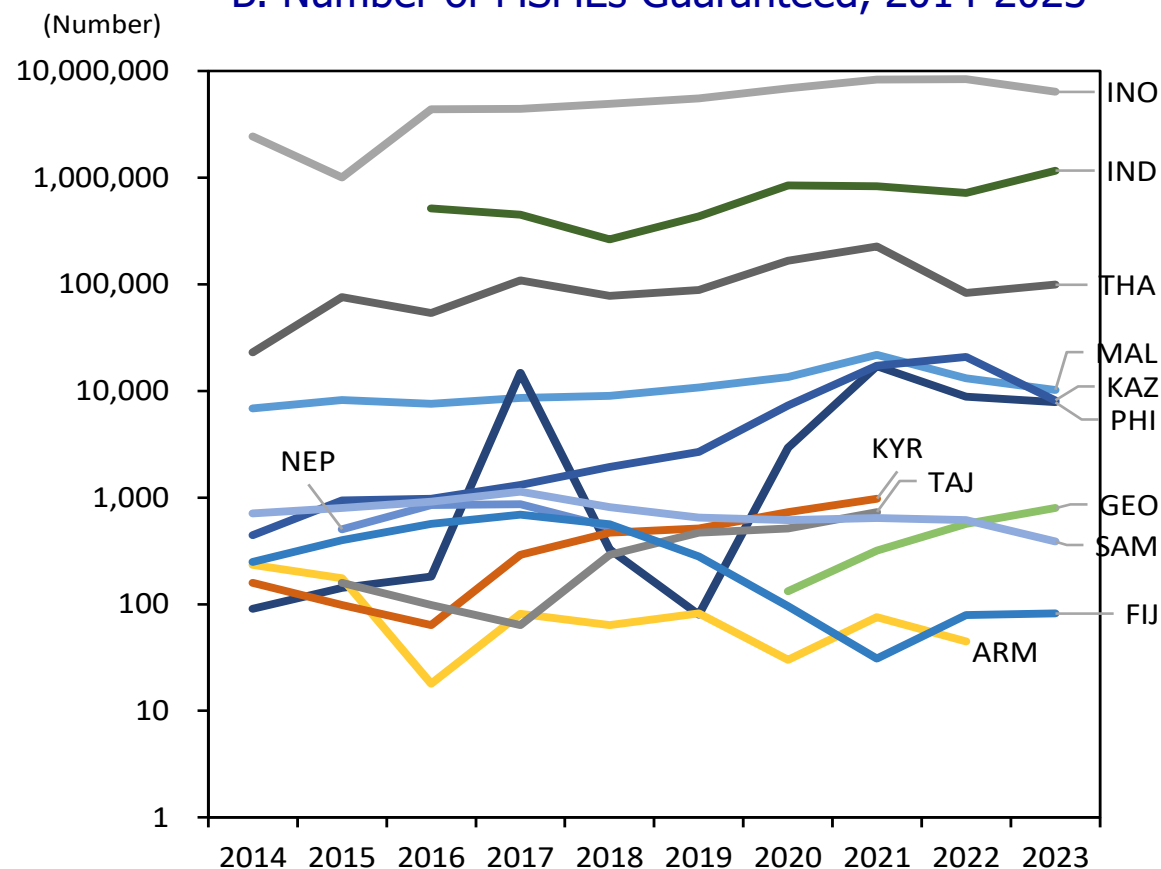


# The credit guarantee market has grown gradually but remained small in developing Asia.

## A. Outstanding Guaranteed Loans, 2014-2023 (\$ million)

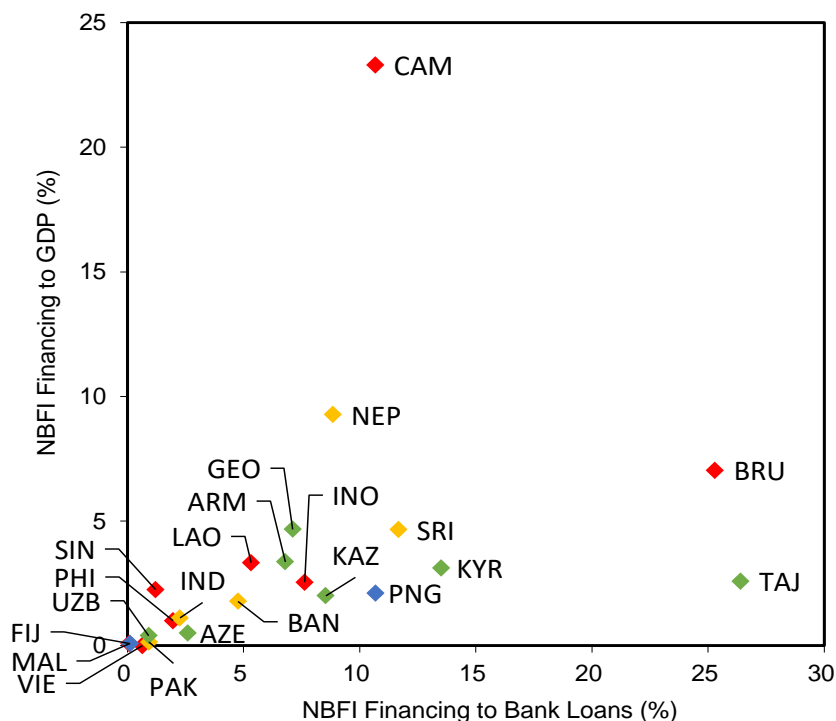


## B. Number of MSMEs Guaranteed, 2014-2023

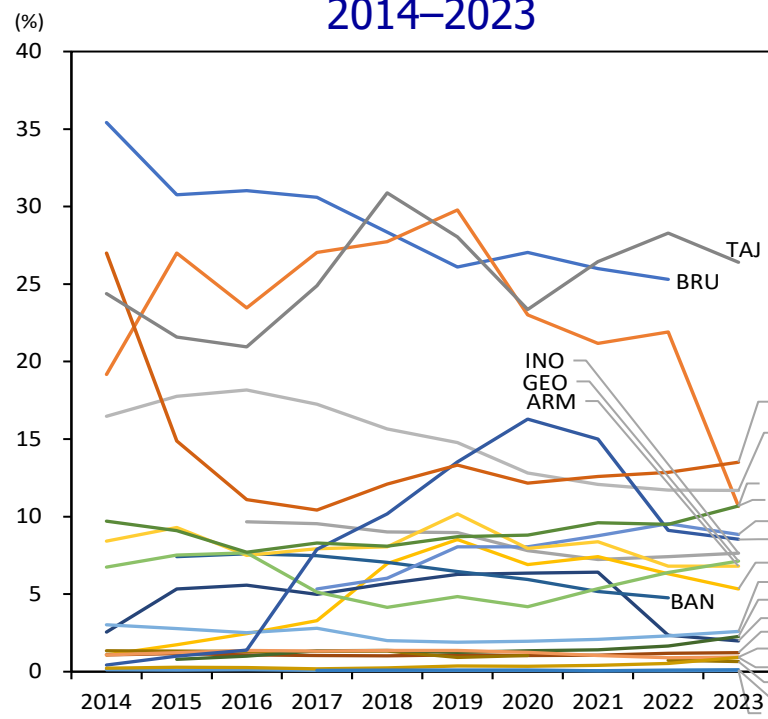


The nonbank finance industry supplements bank lending, filling some MSME unmet financing demand. However, it is much smaller than bank lending, with higher nonperforming financing.

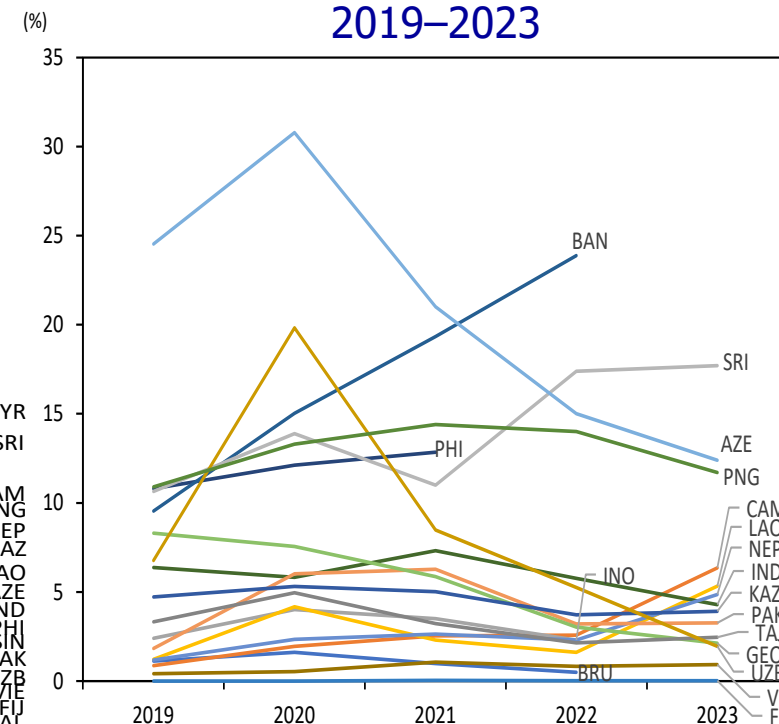
A. Nonbank Financing, 2023



B. NBFI Financing to Bank Loans, 2014–2023



C. NBFI NPF to Total Financing, 2019–2023

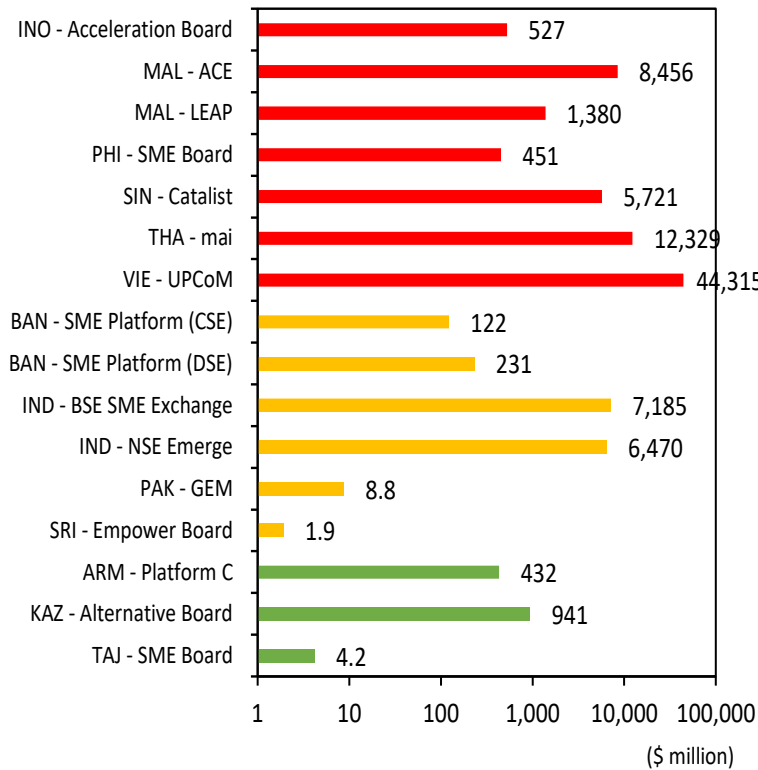


Notes: NBFI data vary by country: Armenia covers microfinance institutions and pawnshops; Azerbaijan (microfinance institutions and credit unions/cooperatives); Bangladesh (NBFI regulated by Bangladesh Bank); Brunei Darussalam (finance companies and pawnbrokers); Cambodia (microfinance institutions and leasing companies); Fiji (microfinance institutions); Georgia (microfinance institutions, credit unions/cooperatives, and pawnshops); India (NBFI regulated by the Reserve Bank of India; MSME financing only); Indonesia (finance companies, microfinance institutions, and government pawnshops); Kazakhstan (microfinance institutions, credit unions/cooperatives, finance companies, and pawnshops); the Kyrgyz Republic (microfinance institutions, credit unions/cooperatives, finance companies, pawnshops, and leasing companies); Lao PDR (microfinance institutions, pawnshops, and leasing companies); Malaysia (private equity, venture capital, factoring, and leasing companies); Nepal (microfinance institutions); Pakistan (microfinance institutions and leasing companies); Papua New Guinea (microfinance institutions, credit unions/cooperatives, and finance companies); the Philippines (credit unions/cooperatives, pawnshops, and nonstock savings and loans associations [NSSLAs]); Singapore (finance companies); Sri Lanka: (NBFI regulated by the Central Bank of Sri Lanka); Tajikistan (microfinance institutions and nonbank credit institutions); Uzbekistan (microfinance institutions and pawnshops); Viet Nam (People's Credit Funds and microfinance institutions). Data refer to the latest available data until 2023 (end-of-year). For the share of NBFI financing to bank loans, data in 2022 for BAN and BRU, while data in 2023 for others. For the share of NBFI financing to GDP, data in 2022 for BAN, BRU, NEP, and TAJ, while data in 2023 for others. For NEP, data based on fiscal year (FY) ended 15 July.

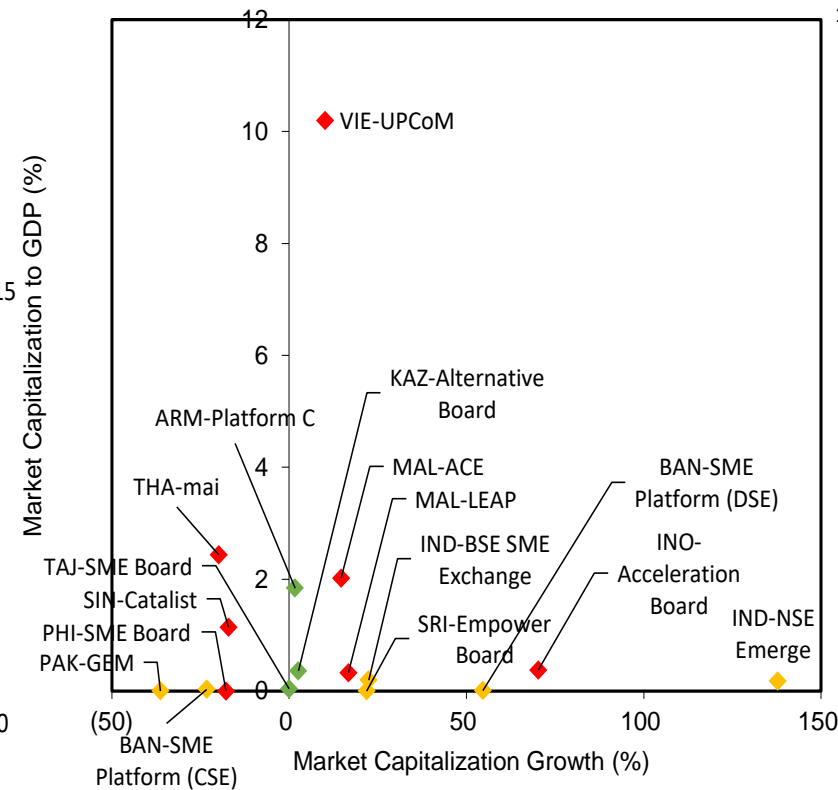
Source: ADB Asia SME Monitor 2024 database.

Since 2017, many countries have been providing growth financing for innovative MSMEs as alternative financing to bank credit, such as Bangladesh, Indonesia, Kazakhstan, Pakistan, Sri Lanka, and Thailand.

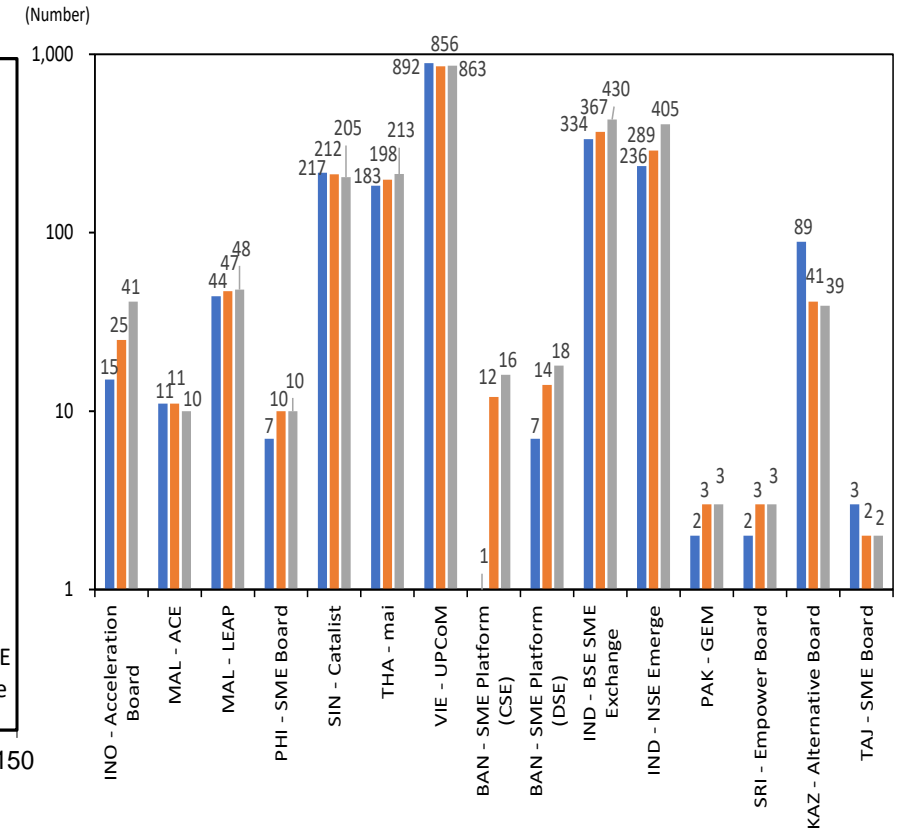
A. Market Capitalization, 2023 (\$ million)



B. Market Capitalization, 2023 (%)



C. Listed Companies, 2021-2023



# Policies and Regulations

	Benchmark Regulation	Focal Government Authority for MSMEs	Key Policies and Regulations	
			MSME Development	Financial Inclusion
Developing Asia				
Caucasus and Central Asia				
Armenia	Law No.121 of 2000 on State Support for Small and Medium Entrepreneurship	Ministry of Economy	Small and Medium Entrepreneurship Development Strategy 2020–2024 (Government Decision No.1443 of 2020)	
Azerbaijan	Law on the Development of the Micro, Small and Medium Business (2 December 2022)	Small and Medium Business Development Agency (SMBDA), Ministry of Economy	Strategic Road Map for the Production of Consumer Goods at the level of SMEs (SME Roadmap)	
Georgia	Government Resolution No.567 of 2022 on the state support program for micro, small and medium enterprises	1) Ministry of Economy and Sustainable Development (MESD); 2) Enterprise Georgia, MESD	SME Development Strategy of Georgia 2021–2025 and related Action Plans	National Strategy of Financial Education 2016
Kazakhstan	Entrepreneurial Code of the Republic of Kazakhstan dated 29 October 2015 No.375-V	1) Ministry of National Economy; 2) DAMU JSC Entrepreneurship Development Fund	Development concept of small and medium-sized enterprises until 2030 Development Strategy of the Damu Fund for 2024–2033	
Kyrgyz Republic	Law on State Support for Small Business, 2007	Ministry of Economy and Commerce	National Strategy “On the Development of the Kyrgyz Republic for 2018–2040” (2018)	Strategy for Improving Financial Inclusion for 2022–2026
Tajikistan	Law No.1107 on the Government Protection and Support of Entrepreneurship (2014)	Ministry of Economic Development and Trade	National Development Strategy of the Republic of Tajikistan for 2030 (2016)	National Strategy for Financial Inclusion for 2022–2026 (2022)
Uzbekistan	Presidential Decree of 2023 “On measures to further improve the criteria for categorizing business entities, as well as tax policy and tax administration”	Ministry of Economy and Finance	Development Strategy of New Uzbekistan for 2022–2026	National Strategy for Increasing Financial Inclusion for 2021–2023
South Asia				
Bangladesh	(No specific laws and regulations for MSMEs)	Ministry of Industries	SME Policy 2019 (September 2019)	National Financial Inclusion Strategy of Bangladesh 2020–2024 (July 2019)
India	Micro, Small and Medium Enterprise Development (MSMED) Act 2006	1) Ministry of Micro, Small, and Medium-Sized Enterprises; 2) National Board for MSMEs	1) National Manufacturing Competitiveness Programme (2005) 2) Scheme of Fund for Regeneration of Traditional Industries (SFURTI) (2005–06) 3) Rajiv Gandhi Udyami Mitra Yojna (2008) 4) Public Procurement Policy for Goods and Services Produced and Rendered by Micro and Small Enterprises (2012)	National Strategy for Financial Inclusion 2019-2024
Nepal	Industrial Enterprises Act, 2020	1) Nepal Planning Commission; 2) Ministry of Industries, Commerce and Supplies	15th Five Year Plan 2019/20–2023/24	Financial Inclusion Roadmap (2017–2022)
Pakistan	(No specific laws and regulations for MSMEs)	1) Ministry of Industries and Production; 2) Small and Medium Enterprise Development Authority (SMEDA)	1) National SME Policy 2021 2) 10-Year Cluster-Based Development Plan for the Growth of SME Sector (28 June 2024)	
Sri Lanka	Industrial Promotion Act, No.46 of 1990; National Enterprise Development Authority Act, No.17 of 2006	1) Ministry of Industries; 2) National Enterprise Development Authority	National Policy Framework for Small and Medium Enterprise Development (2015)	National Financial Inclusion Strategy for Sri Lanka 2021–2024 (March 2021)

# Policies and Regulations

	Benchmark Regulation	Focal Government Authority for MSMEs	Key Policies and Regulations	
			MSME Development	Financial Inclusion
Southeast Asia				
Brunei Darussalam	Darussalam Enterprise Order of 2016	Ministry of Finance and Economy	Economic Blueprint of Brunei Darussalam	Financial Sector Blueprint 2016–2025
Cambodia	Law on Administration of Factory and Handicraft; Law on Toursim	Ministry of Industry, Science, Technology and Innovation	Small and Medium Enterprise Development Policy and Five-year Implementation Plan 2020–2024	National Financial Inclusion Strategy 2019–2025
Indonesia	Law No.20/2008 on Micro, Small and Medium-sized Enterprises	Ministry of Cooperatives and SMEs	Creating Healthy, Strong, Resilient and Independent Cooperatives and SMEs to Contribute to the National Economy (2015–2019 vision and mission)	National Strategy for Financial Inclusion (SNKI) (Presidential Regulation No.114 of 2020)
Lao People's Democratic Republic	Decree No.42/PM/2004 on the Promotion and Development of Small and Medium-sized Enterprises; Law No.011/NA/2011 on Small and Medium sized Enterprises Promotion; Decree No. 25/GOL/2017 on Small and Medium Enterprise Classification	Department of SME Promotion, Ministry of Industry and Commerce	Micro, Small and Medium Enterprises Development Plan 2021–2025	Lao PDR Financial Inclusion Roadmap 2018–2025
Malaysia	Small and Medium Enterprises Corporation Malaysia Act 1995	1) Ministry of Entrepreneur and Cooperatives Development; 2) National Entrepreneur and MSME Development Council; 3) SME Corporation Malaysia (SME Corp. Malaysia)	1) National Entrepreneurship Policy 2030 (Dasar Keusahawanan Nasional, DKN 2030) 2) MSME Strategic Plan 2030 3) SME Corp. Malaysia Business Strategic Plan 2022–2030	Second Financial Inclusion Framework 2023–2026
Philippines	Magna Carta for Micro, Small, and Medium Enterprises (1991), last amendment (2014)	Bureau of Small and Medium Enterprise Development (BSMED), Department of Trade and Industry	Micro, Small and Medium Enterprise Development Plan (2017–2022)	National Strategy for Financial Inclusion 2022–2028
Singapore	Enterprise Singapore Board Act (2018)	1) Ministry of Trade and Industry (MTI) 2) Enterprise Singapore	1) MTI's Economic Strategy 2) Enterprise Singapore's Strategic Plan	
Thailand	SMEs Promotion Act B.E.2543 (2000), latest amendment in 2019	Office of Small and Medium Enterprises Promotion (OSMEP)	SMEs Promotion Plan 2023–2027	Financial Sector Master Plan Phase III (2016–2020)
Viet Nam	Law No.04/2017/QH14 on Support for Small and Medium-sized Enterprises (SME Support Law)	1) Ministry of Planning and Investment (MPI) 2) Agency for Enterprise Development, MPI	9th Five-Year National Socio-Economic Development Plan 2021–2025	National Financial Inclusion Strategy to 2025 (2020)
The Pacific				
Fiji	Small and Micro Enterprises Development (Repeal) Act 2019 (December 2019)	MSME Fiji, Ministry of Trade, Co-operatives, Small and Medium Enterprises	Micro, Small, and Medium Enterprise Fiji - Policy Framework (June 2020)	National Financial Inclusion Strategy 2022–2030
Papua New Guinea	Small and Medium Enterprises Corporation Act 2014	Small and Medium Enterprise Corporation	SME Policy 2016	Third National Financial Inclusion Strategy 2023–2027 (April 2023)
Samoa	(No specific laws and regulations for MSMEs)	Ministry of Commerce, Industry, and Labour	Micro, Small, and Medium Enterprises Development Policy and Strategy 2020	National Financial Inclusion Strategy for Samoa 2022/2023–2025/2026

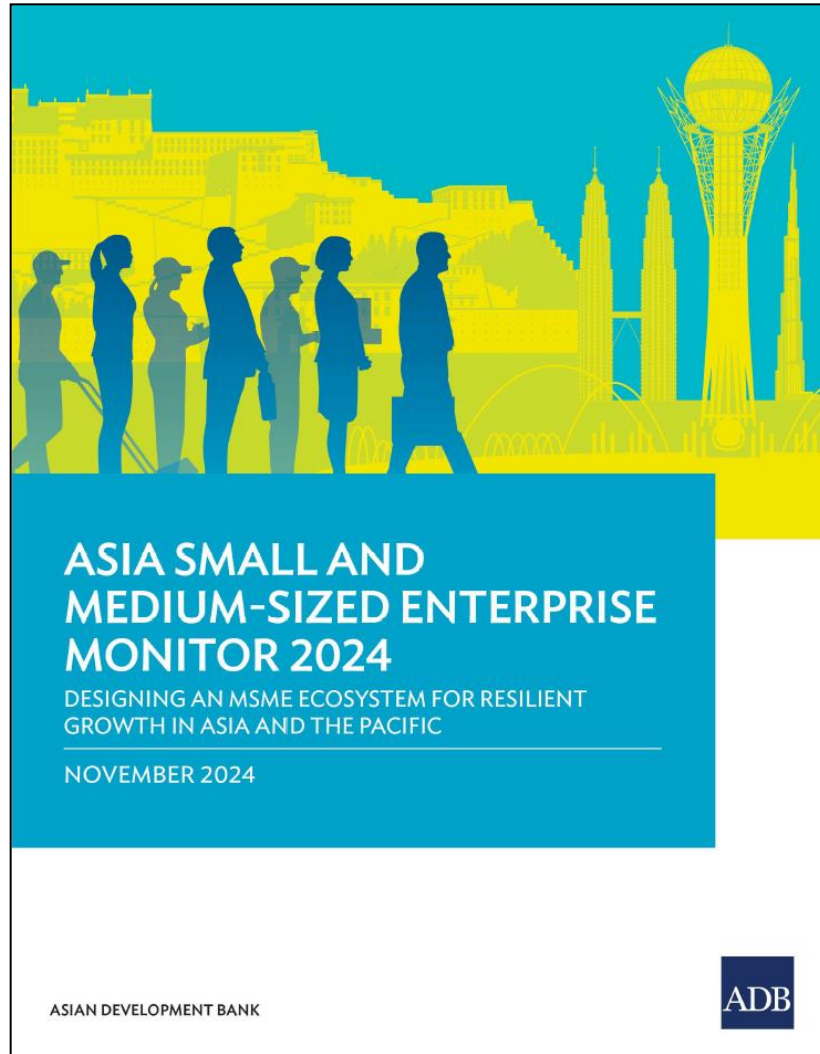


# To design an MSME ecosystem for resilient growth in Asia and the Pacific

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1. **Focus on the sound development of services-oriented MSMEs** to generate more jobs and increase output.
2. **Promote business clustering** to expand MSME exports and incentivize local firms to pursue growth.
3. **Design a centralized policy framework on digitalizing MSMEs** and provide related digital support.
4. **Build a gender responsive growth model** for MSME development.
5. **Create a base of green MSMEs** using both appropriate non-financial support and innovative financing schemes.
6. **Encourage market-based financing for viable MSMEs** with balanced development of banking and nonbank finance industries.
7. **Develop statistically trackable MSME definitions.**

# For more details...



- Asia Small and Medium-Sized Enterprise Monitor 2024: Designing an MSME Ecosystem for Resilient Growth in Asia and the Pacific

## Past editions:

Asia Small and Medium-Sized Enterprise Monitor Series

<https://www.adb.org/publications/series/asia-small-medium-sized-enterprise-monitor>

Thank you for your attention.

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