



Chapter 1

Gross Domestic Product of SMEs

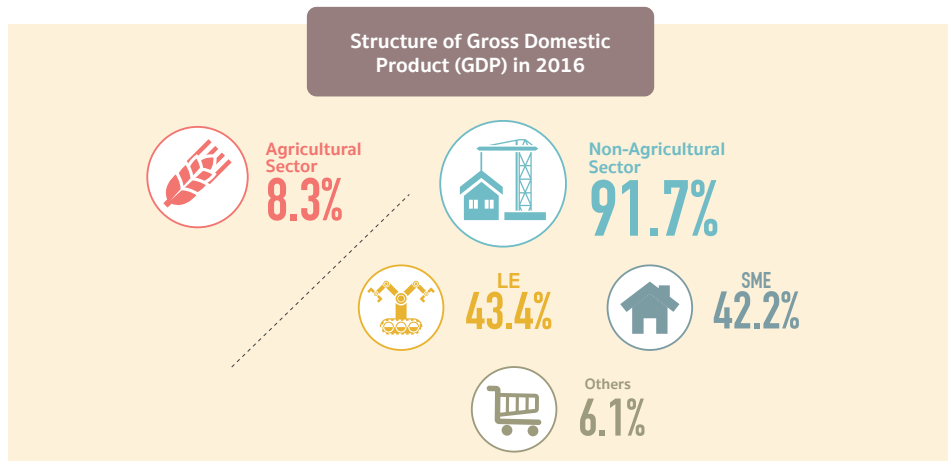
The overall gross domestic product (GDP) of 2016 expanded 3.2%, an improvement compared to the 2.9% of the previous year owing to the recovering global economic conditions, the agricultural and export sectors starting to grow this year, as well as the tourism sector continuing to grow strongly. 2016 GDP's value stood at 14,366,557 million baht, of which 1,199,426 million baht or 8.3% of the total GDP was attributable to agricultural GDP, accounting for a 0.6% expansion. As regards non-agricultural GDP, this was worth 13,167,131 million baht or 91.7% of the total GDP – an equivalent 3.5% rise.

The GDP value of small and medium enterprises (SMEs) in 2016 was 6,061,143 million baht or 42.2% of the country's GDP whereby the GDP value of SMEs expanded 4.8%, a slight slowdown from the 5.2% rise in the previous year. When considering GDP value according to the size of enterprise, it was found that small enterprises (SEs) generated GDP worth 4,267,810 million baht, an increase of 5.1% from the previous year. Regarding the GDP value created by medium enterprises (MEs), this accumulated to 1,793,333 million baht, a 4.3% rise from the year earlier.

For the first quarter of 2017, the country's GDP expanded 3.3% and SMEs' GDP rose 4.9% – an increasing proportion to the country's GDP of 42.5%.



Figure 1.1
Structure of Gross Domestic Product (GDP) in 2016



Source: The Office of the National Economic and Social Development Board
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)



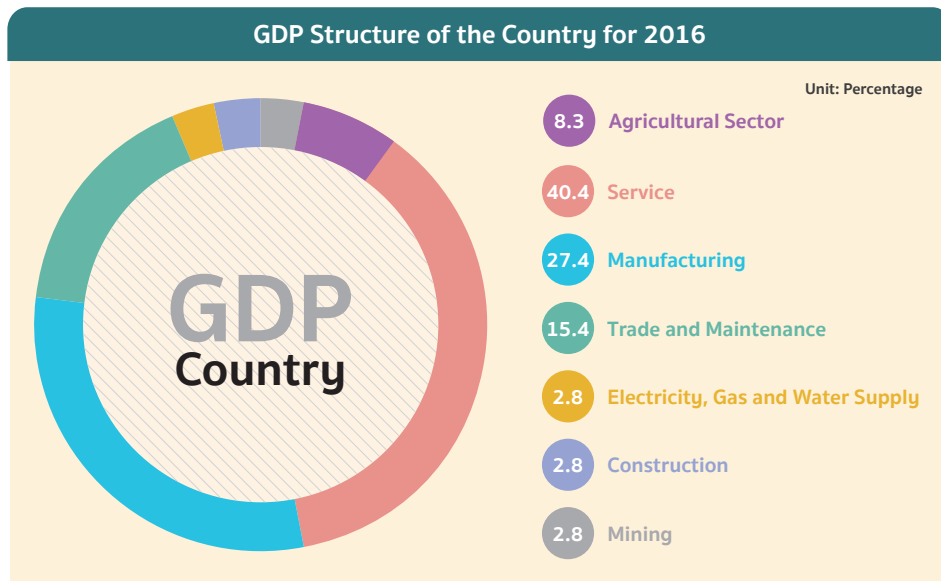
Table 1.1
Overall Gross Domestic Product (GDP) of SMEs in 2016

	Small (SE)	Medium (ME)	SME	Large (LE) and others	Overall
GDP value (trillion baht)	4.27	1.79	6.06	6.23	14.37
Proportion of overall GDP (%)	29.7	12.5	42.2	43.4	100.0
Growth rate (%)	5.1	4.3	4.8	2.8	3.2

Source: The Office of the National Economic and Social Development Board
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)



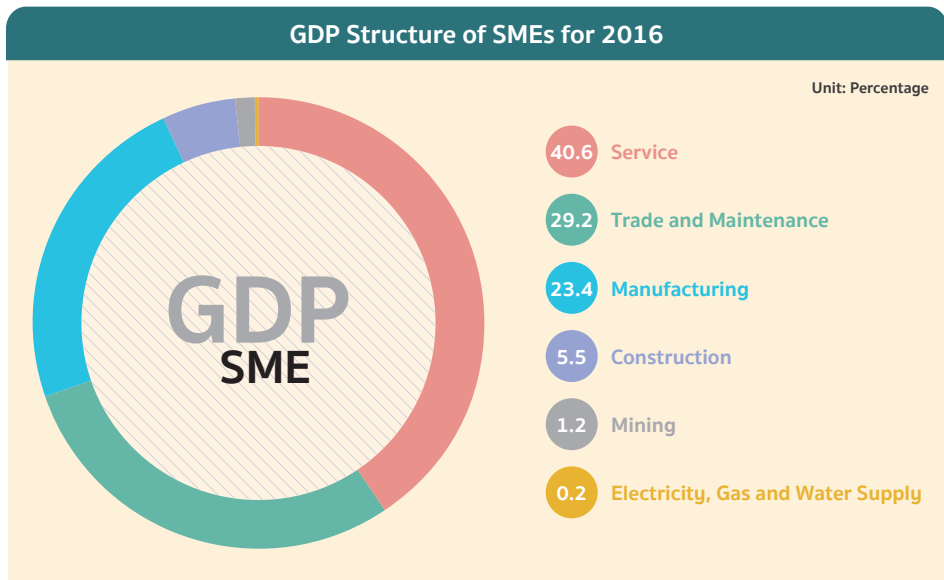
Figure 1.2
Structure of SMEs for 2016 Classified by Economic Activities



Source: The Office of the National Economic and Social Development Board
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

As concerns the GDP structure of the country in 2016, the service sector was still the most important economic activity, followed by the manufacturing sector, and trade and maintenance, accounting for 40.4%, 27.4% and 15.4% respectively.

As concerns the GDP structure of SMEs in 2016, the service sector was still the most important economic activity, followed by trade and maintenance, and the manufacturing sector, accounting for 40.6%, 29.2% and 23.4% respectively.



Source: The Office of the National Economic and Social Development Board
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)



Table 1.1
Overall Gross Domestic Product (GDP) of SMEs
Categorized by Major Economic Activity

Economic Activity*	Country		SMEs	
	Proportion to overall GDP (%)	Growth Rate (%)	Proportion to GDP of SME (%)	Growth Rate (%)
Manufacturing	27.4	+1.4	23.4	+2.7
Trade and maintenance	15.4	+5.0	29.2	+5.0
Service	40.4	+4.5	40.6	+5.4
Other sectors**	8.5	+4.2	6.8	+6.8

Source: The Office of the National Economic and Social Development Board
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

Note: * Not including the agricultural sector.

** Other sectors include mining, construction and electricity, gas and water supply.

Overall Gross Domestic Product (GDP) of the Country Categorized by Major Economic Activity

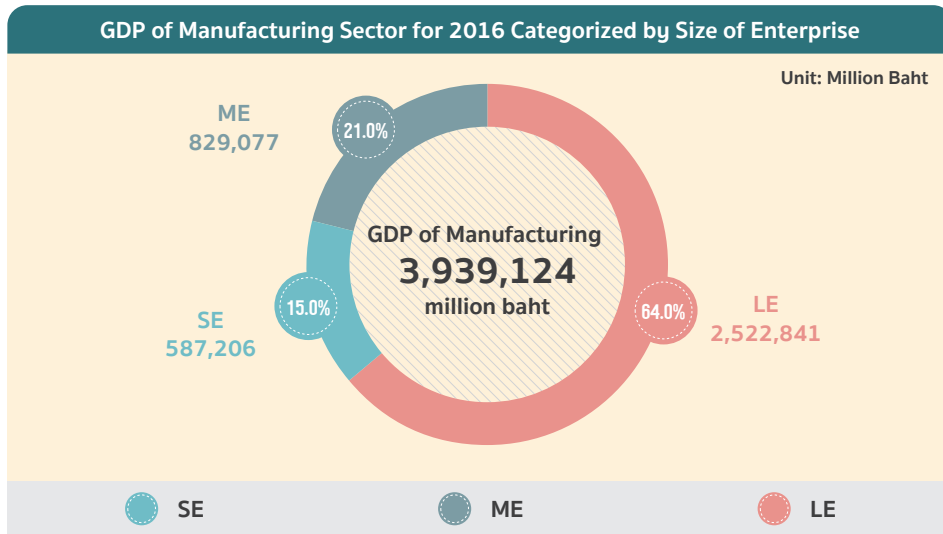
Manufacturing Sector

The GDP of the manufacturing sector in 2016 stood at 3,939,124 million baht. Of this number, the GDP value of SMEs accounted for 1,416,283 million baht or 36.0%.

SMEs with the highest GDP value in the manufacturing sector were those in food and beverage, chemicals, and rubber and plastic articles, with the proportion of SMEs' GDP to the overall GDP of each sector equivalent to 20.9%, 16.4%, and 8.3% respectively.



Figure 1.3
GDP of Manufacturing Sector for 2016 Categorized by Size of Enterprise



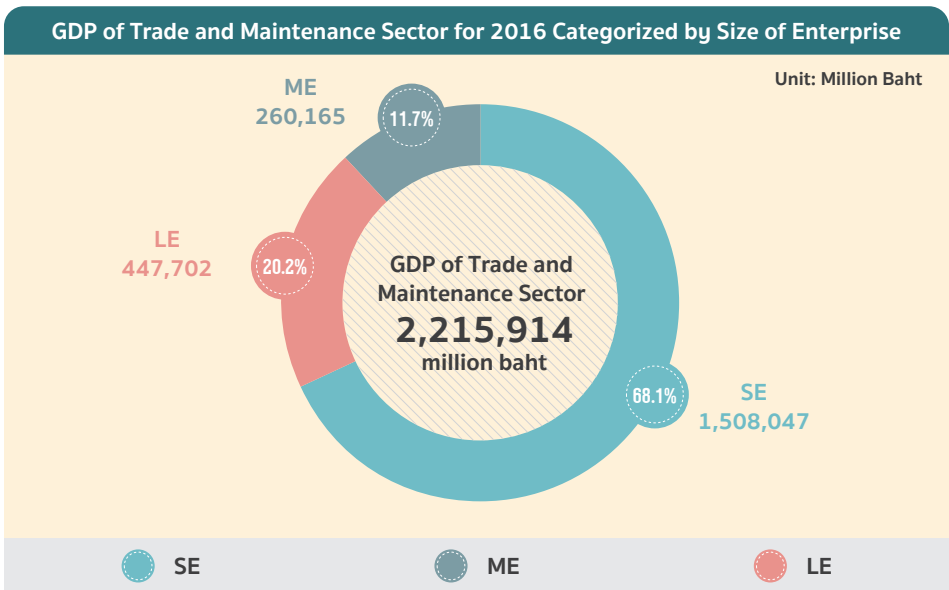
Source: The Office of the National Economic and Social Development Board
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

Trade and Maintenance Sector

GDP of the trade and maintenance sector for 2016 accounted for 2,215,914 million baht, 1,768,212 of which was generated by SMEs equaling 79.8%.

The GDP value of SMEs in the wholesale and retail sector totalled 2,041,422 million baht, or 78.2% of the total GDP in the wholesale and retail sector. The GDP value of SMEs in the maintenance sector was 174,492 million baht or 98.4% of the total GDP in the maintenance sector.

Figure 1.4
GDP of Trade and Maintenance Sector for 2016 Categorized by Size of Enterprise



Source: The Office of the National Economic and Social Development Board
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

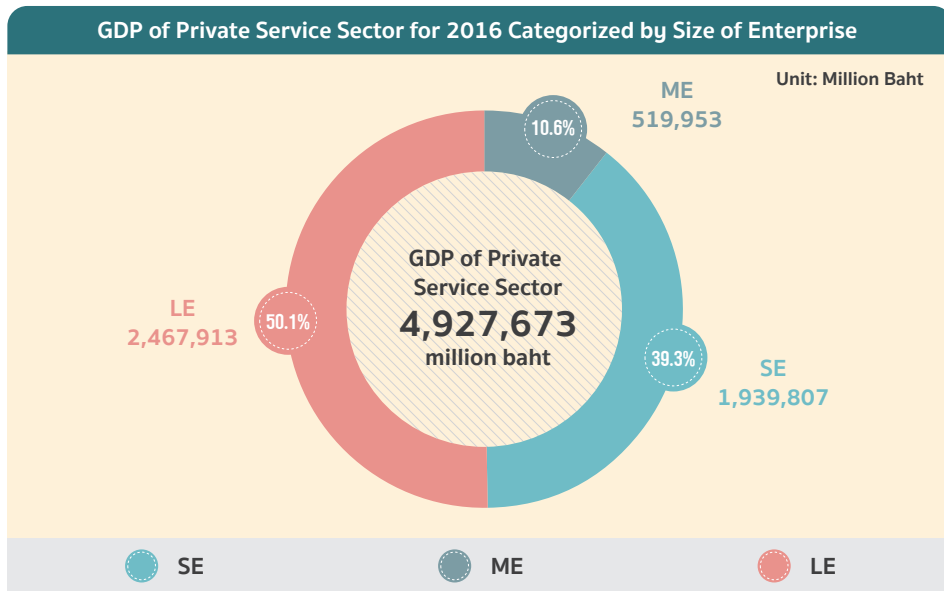
Private Service Sector

GDP of the service sector (private) in 2016 accounted for 4,927,673 million baht, 2,459,760 of which belonged to SMEs, or 49.9%.

SMEs with the highest GDP value in the service sector were those in real estate, hotels and restaurants, and transport and communication, with the proportion of SMEs' GDP to the total GDP in each sector at 96.5%, 93.0%, and 37.2% respectively.



Figure 1.5
GDP of Private Service Sector for 2016 Categorized by Size of Enterprise



Source: The Office of the National Economic and Social Development Board
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)



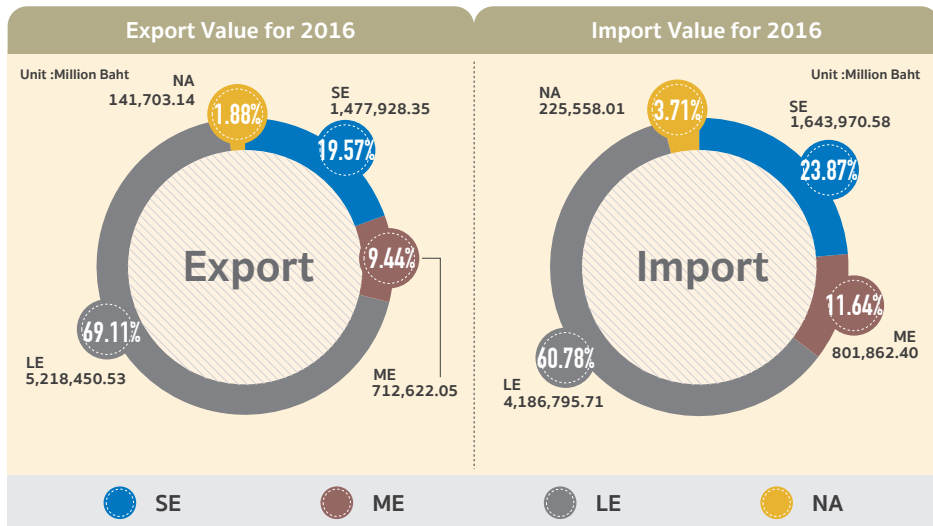
Chapter 2

International Trade of SMEs

Overview of International Trade Situation in 2016

In 2016, the total export value of Thai goods was 7,550,704.07 million baht, an expansion of 4.50% from the year 2015. SME exports reached 2,190,550.40 million baht, accounting for 29.01% of the total export value, an expansion of 10.72% from 2015. As regards imports, the total import value stood at 6,888,186.70 million baht, shrinking by 0.26% from 2015. SME imports were worth 2,445,832.98 million baht, accounting for 35.51% of the total import value, a rise of 2.67% from the year 2015. In 2016, as concerns international trade, the country’s balance of trade showed a surplus worth 662,517.37 million baht. However, the trade balance of SMEs showed a deficit accounting for 255,282.58 million baht.

Figure 2.1
The Export and Import Values for 2016



Source: Thai Customs Department
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

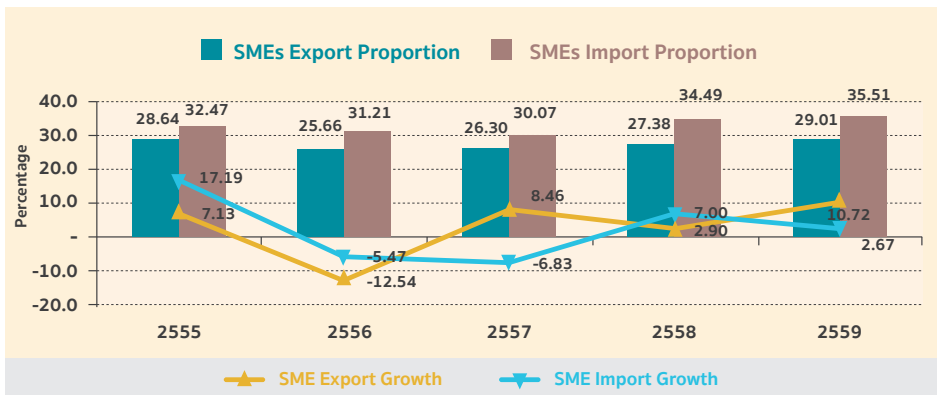
When considering SME export and import trends from 2012 to 2016, the proportion of exports of SMEs to overall exports of the country reached the highest at 29.01 in 2016 and its lowest at 25.66% in 2013. As regards the proportion of SME imports to total imports into the country, this reached the highest at 35.51% in 2016 and the lowest at 30.07% in 2014. Nonetheless, SMEs experienced a successive deficit in trade balance over the past five years.

Considering the growth of SME exports and imports over the past five years, exports showed a positive expansion nearly every year except in 2013 when it was in deficit due to the contraction in response to the economic conditions of key trade partner countries. For 2016, SME's export value expanded by 10.72% and imports showed positive growth in 2012, 2015 and 2016. In the meantime, 2013 and 2014 saw deficits but rose again 2.67% in 2016.



Figure 2.2
Trends in Export and Import Proportions and the Growth Rate of SMEs from 2012 to 2016

(Unit: Percentage)



Source: Thai Customs Department
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

Overview of International Trade Situation Classified by Trade Partner Countries

Overall, SME exports to the top 10 trade partner countries with an export ratio of 61.73% of the total exports increased 10.72%, while the overall exports of the country expanded 4.50%. As regards each export market, the major destinations of Thai exports, including the overall exports of the country and overall SME exports, were China, the United States, and Japan with export ratios of 11.04 %, 11.37 %, and 9.51 % of the total export value in 2016 respectively. For SMEs, the export ratios were 11.16%, 8.99%, and 8.98 % respectively with the export value rising by 1.07%, 17.74%, and 6.61% respectively.

In 2016, the trade partner country with the highest growth market in exports for SMEs was Switzerland, experiencing a rise of 137.62%. Following Switzerland were Singapore and

Vietnam with an increase of 29.88% and 19.77% respectively. The export market of SMEs experiencing the largest decrease was Malaysia, with an 8.57% fall.

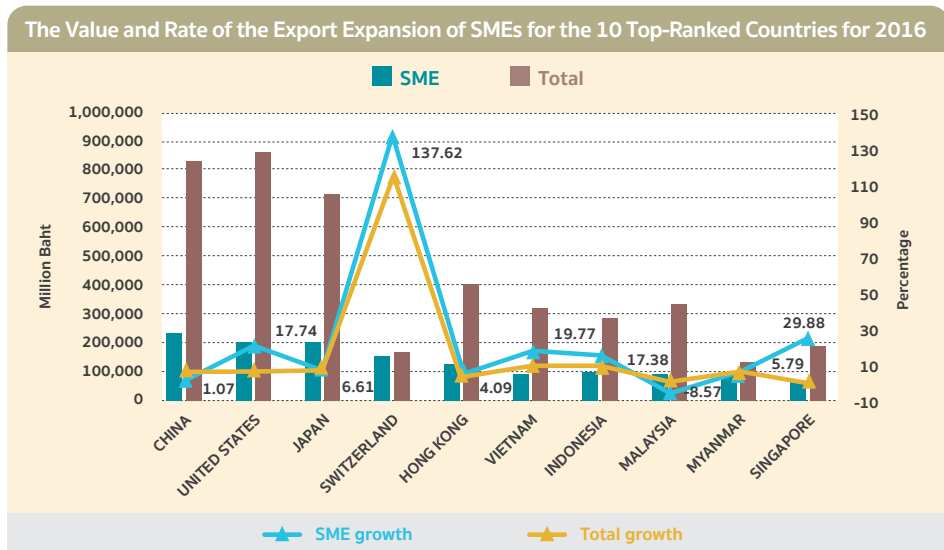
As regards the export situation of Thai SMEs in key trade partner markets in 2016, exports expanded notably in the markets of the United States, Japan, and most ASEAN countries. Nonetheless, exports grew slightly in China at 1.07%, and decreased slightly in the markets of the European Union mainly owing to the improving economic conditions in the United States and Japan and the positive economic expansion of the ASEAN countries. As for China, the economy continues to grow well yet at a slower rate, while the EU markets experienced economic slowdown.

Overall imports of SMEs from the 10 top-ranked countries with an import ratio of 74.34% of the total imports rose 1.04% while overall imports into the country from the top 10 countries grew 1.15%.

When considering the import markets, the main import sources for Thailand and SMEs were China, Japan, and the United States with import ratios of 21.64%, 15.80%, and 6.20% of the total import value in 2015 respectively. As for SMEs, the import ratios were 31.33%, 12.87%, and 5.83% respectively, with an expansion of 7.00% in China, but shrinking 5.08% in Japan and 5.74% in the United States.



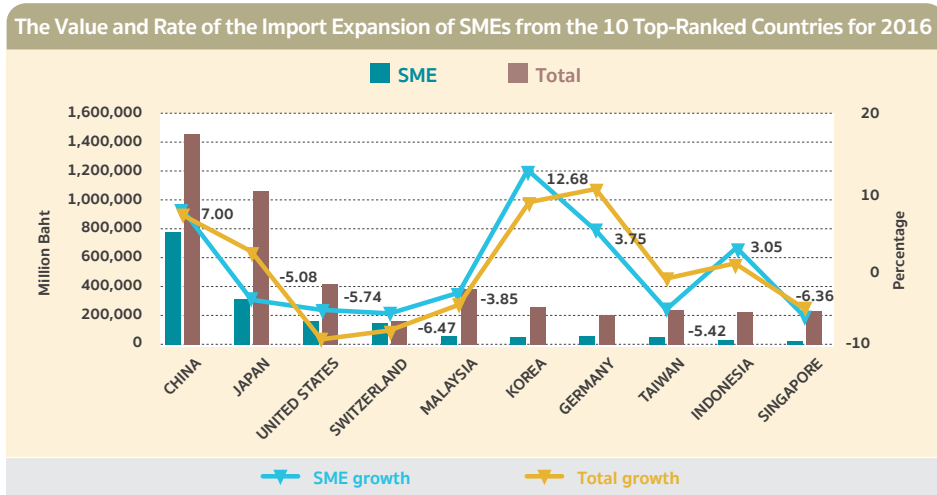
Figure 2.3
The Value and Rate of the Export Expansion of SMEs
for the 10 Top-Ranked Countries for 2016



Source: Thai Customs Department
 Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)



Figure 2.4
The Value and Rate of the Import Expansion of SMEs
from the 10 Top-Ranked Countries for 2016



Source: Thai Customs Department
 Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

Overview of International Trade Classified by Goods List

As concerns the international trade value of goods according to the Harmonized System Codes, in 2016 the worth of Thailand’s overall exports was highest for those goods in HS Codes 84, 85 and 87, equivalent to 17.37%, 13.87% and 112.81% of the overall exports of the country, respectively. HS Code 84 covers machinery and parts as well as computers and accessories, while HS Code 85 covers electrical machinery and parts, and HS Code 87 covers automobiles and parts. The proportion of SME export value for goods in HS Codes 84, 85 and 87 stood at 6.74%, 6.58% and 5.63% respectively.

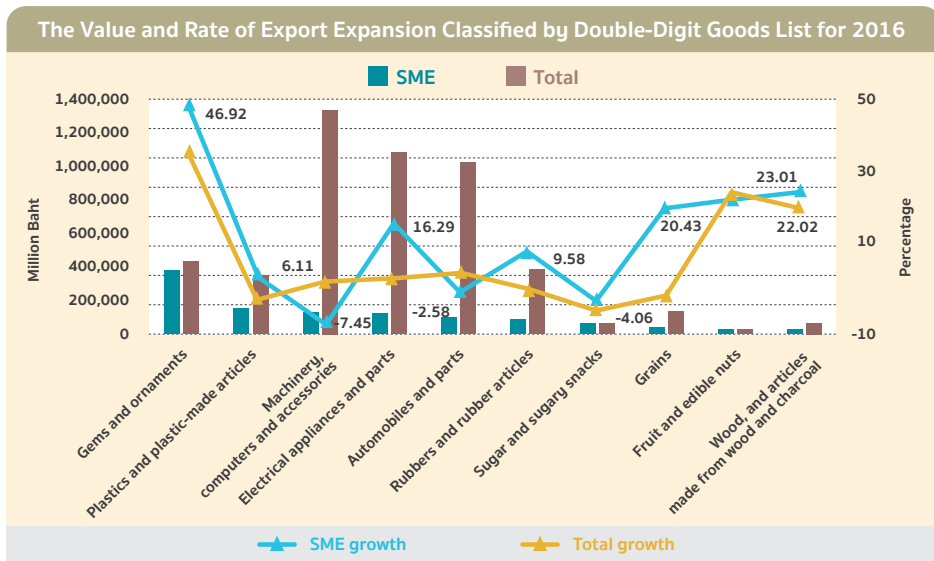
Goods constituting the highest proportions of exports for SMEs were those in HS Code 71 covering gems and ornaments, HS Code 39 for plastics and plastic-made articles, and HS Code 84 for machinery and parts as well as computers and accessories, accounting for 19.81%, 8.29% and 6.74% respectively. The exports for gems and ornaments, and plastics and plastic-made articles expanded 46.92% and 6.11% respectively. Machinery and parts as well as computers and accessories, however, shrank 7.45%.

Regarding the import value of goods according to the Harmonized System Codes, in 2016 the worth of the country’s overall imports was highest for goods in HS Code 85 covering electrical machinery and parts, constituting 19.72%, HS Code 84 covering machinery and parts as well as computers and accessories, accounting for 13.43%, and HS Code 72 covering iron and steel, generating 4.91%.

As for SMEs, the goods that constituted the highest proportion of imports were those in HS Code 85, electrical machinery and parts, HS Code 84, machinery and parts as well as computers and accessories, and HS Code 71, gems and ornaments, to the proportions of 17.70%, 14.02% and 11.58% respectively, equivalent to an expansion of 5.03% and 1.79% from the year 2015 for HS Code 85 and 84. HS Code 71, however, declined 10.70% from 2015.



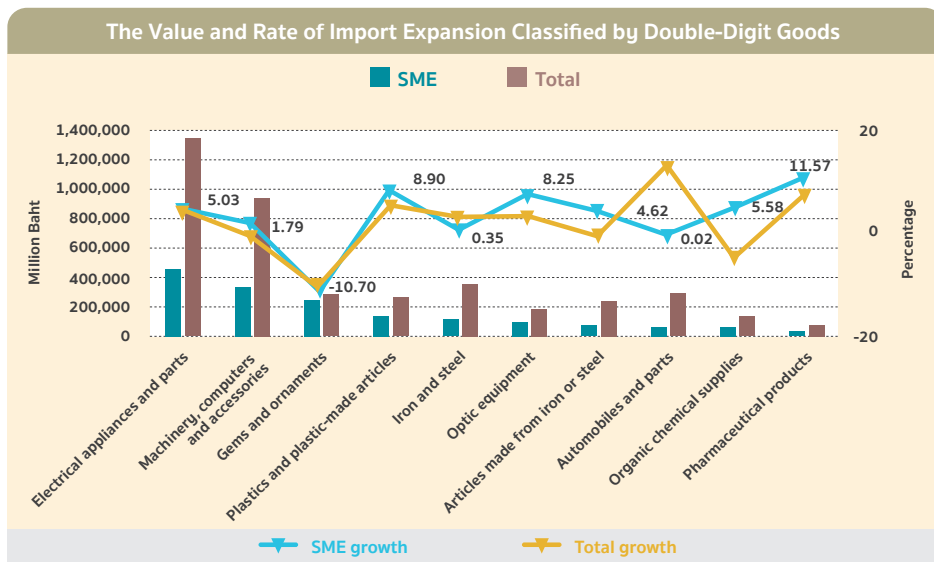
Figure 2.5
The Value and Rate of Export Expansion
Classified by Double-Digit Goods List for 2016



Source: Thai Customs Department
 Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)



Figure 2.6
The Value and Rate of Import Expansion Classified by Double-Digit Goods List for 2016



Source: Thai Customs Department
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)



Chapter 3

Economic Indicators of SMEs for 2016 and 2017

Trade and Service Sentiment Index (TSSI) 2016

The Trade and Service Sentiment Index (TSSI) of SME entrepreneurs in 2016 indicates that the index values at that time were below the base level of 50 in February, and from April to December. Only the index values in January and March were above 50. The index value at that time in 2016 was at its lowest point in November at 42.4 and reaching its highest point in January 2016 at 52.7.

- Positive Factors

The overall situation of tourism was booming throughout 2016 despite the slowdown caused by the policy suppressing zero-coin tours. The number of foreign tourists travelling to Thailand increased by 2.4% compared to the same period the previous year. In addition, the government sector has continually implemented economic stimulus measures for tourism from the second quarter until the fourth quarter. The government sector launched economic stimulus measures during the Song Kran Festival, tax measures to support tourism, and organized seminars and training in the country. The FT cost in 2016 continually decreased, and the inflation rate of the country was low. Exports in 2016 expanded, and public investment experienced a positive rise both in terms of the mega investment project in communications and the small-scale investment projects spreading throughout local areas. The policy to accelerate the disbursement of government budgets was implemented. The overall investment in the stock market also rose.

- Negative Factors

The agricultural sector during the first half of 2016 experienced a contraction as a result of an ongoing decrease in the prices of agricultural products since 2015. Moreover, the volume of agricultural products reduced due to drought. As regards the export of agricultural products, this also experienced a decline due to the economic slowdown of major trade partners such as China, leaving farmers with a fall in income. However, the government sector has regularly launched measures to stimulate consumption in the country.

The components of factors indicating the index value at that time were those such as sales volume, employment, cost, investment, and profits. These components were used in calculating the Trade and Service Sentiment Index (TSSI) and the results were as follows:

- The movement and value of the sentiment index regarding sales volume and profits followed the same direction. However, operators' confidence in sales volume and profits was not good as the index was below the base value of 50 for 10 out of 18 months. The index value was above the base value of 50 only during January 2016 and March 2016.

- As regards the components in terms of employment and investment, the sentiment index moved stably with the index value close to the base value of 50 at all times. The investment component saw continued positive confidence.
 - The sentiment index regarding cost was the only one component that moved below the base value at all times.
 - The sentiment indices having influence on the specifications of the overall sentiment index value were mainly confidence in sales volume and profits.

The Trade and Service Sentiment Index (TSSI) during the first quarter of 2017

The operators had confidence in TSSI at that time and the expected TSSI in the next three months whereby the index moved at a higher level. The components influencing the increase in the index value were mainly profits, employment cost, and sales volume since the index value moved higher.

- Factors having impact on the sentiment index during the first quarter of 2017 Positive factors were:

Measures exempting personal income tax for the expense on repairing real estates and automobiles, loan measures to help people, farmers, and SMEs suffering from floods in the south.

- Projects strengthening the economy according to civil state guidelines
- Project providing subsidiaries for farmers and those of limited incomes

This resulted in the income flowing into the economy through consumption. This can be seen from the rise in the value of the collected value added tax in the first quarter. This was in accordance with the sales volume of motorbikes which expanded in the same period of the previous year. The agricultural sector showed signs of continual recovery whereby the income of farmers, index of agricultural productivity, and price of agricultural products in this quarter increased. The tourism sector still expanded well with a greater number of foreign tourists compared to the same period the year before. The fuel cost also decreased.

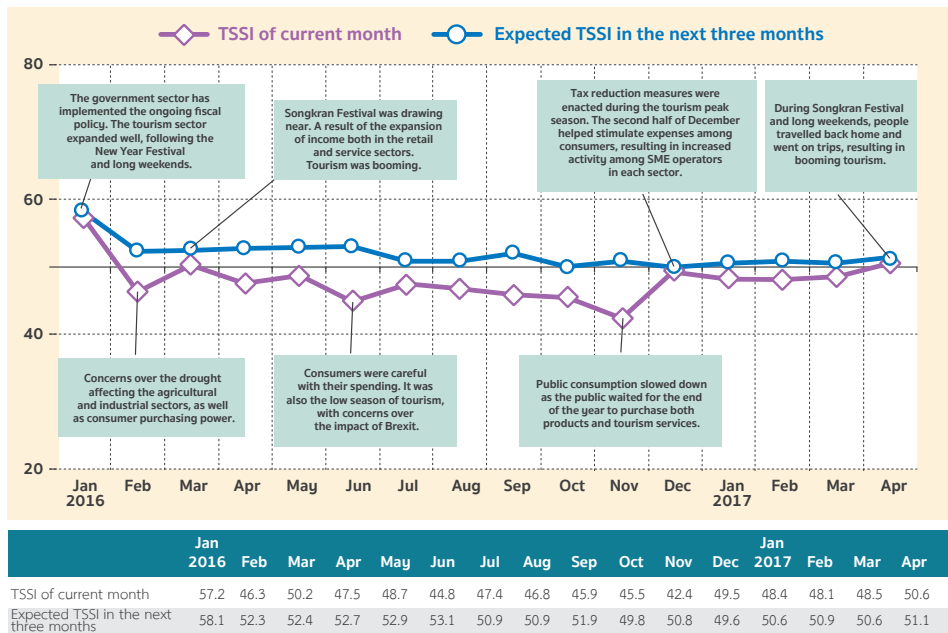
- Negative factors influencing the confidence during the first quarter of 2017 included the poised private investment as seen from a 1.35% shrinkage of the private investment index during the first quarter of 2017 compared to the same period of the previous year. This was in line with the real estate sector whereby the domestic sales volume of cement, the domestic sales volume of tiles, and the municipal area approved for construction declined. Similarly, the domestic sales volume of machinery and equipment and the import of capital goods experienced a fall.

Expectation of the sentiment index during the second quarter of 2017

It was estimated that the sentiment index of every aspect would slightly improve as Thailand’s export resumed expansion. In addition, the economic stimulus measures implemented by the government sector to assist flood-afflicted people and business operators, as well as the large projects of the government sector and the country’s infrastructure have continually been operated. The government sector has also prepared welfare measures to help income earners in terms of discounts in water supply and electricity bills. This alleviates the expense burden and leaves people with greater purchasing power. Furthermore, the tourism sector is still the major mechanism in driving the country’s economy. However, there have still been risk factors: the economic policies of major trade partners, unclear signs of recovery for the global economic situation, and concern over the drought. The government agencies and relevant agencies, therefore, need to monitor the situation and seek measures to deal with the impacts that may rise.



Figure 3.1
Trade and Service Sentiment Index from 2016 to April 2017



Source: The Office of Small and Medium Enterprises Promotion (OSMEP)

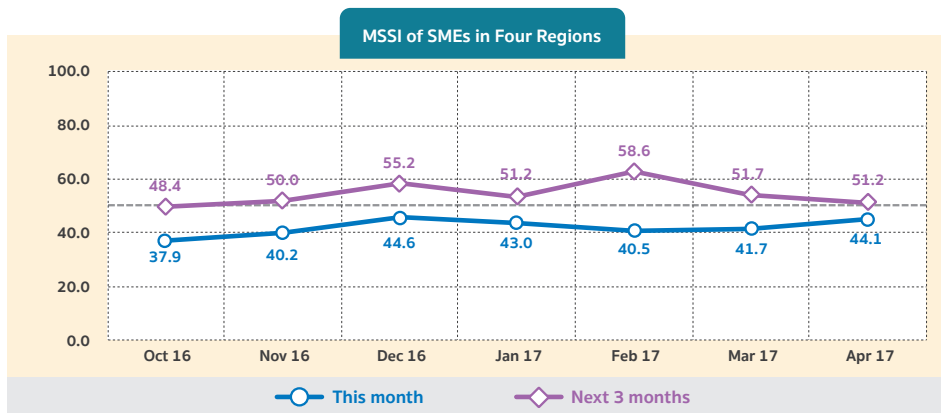
Manufacturing Sector Sentiment Index (MSSI) of SMEs in 2016

The Office of Small and Medium Enterprises Promotion, in collaboration with universities in the four regions, conducts a data survey on SME operators in the manufacturing sectors and changed from a quarterly to monthly basis since October 2016. From the end of 2016 until April 2017, the Manufacturing Sector Sentiment Index (MSSI) of SMEs of the country showed that confidence in business operations was at a low level (below 50). The index value reached the lowest point in October 2016 at 37.9 and moved to the highest point in December 2016 at 44.6. The movement of the index followed a downward direction from December 2016 and continued to do so until February 2017 before rising again until April 2017. It can be seen that confidence in operating business among SME manufacturing operators of the country tended to be at a low level and was likely to continually fall due to the uncertainty of the overall economic conditions of the country, resulting in mainstream consumption not yet recovering.

As regards the expected index in the next three months, operators had confidence in business operations as seen from the highest index value being above 50.



Figure 3.2
Manufacturing Sector Sentiment Index (MSSI) of SMEs in Four Regions
from October 2016-April 2017



Source: The Office of Small and Medium Enterprises Promotion (OSMEP)

Considering confidence at the regional level, the majority of operators in the manufacturing sector had low confidence in operating business except the central region whereby the index movement was stable and close to the base level of 50. Operators in the north had lowest confidence with the average index value of 28.4, followed by the northeast at 38.3, the south at 49.9, and the central at 50.3, respectively.



As concerns **the north**, the average confidence level (October 2016-April 2017) was the lowest when compared to the rest of the country as a result of the overall economic slowdown in the north. The purchasing power of the lowest income earners and those relying on agriculture was still weak. The important factors affecting current business operations were oil price and transportation cost, product cost and wages, domestic economic conditions, the decrease in the purchasing power of the general public, and the drop in demand for products and services. It was noticeable that even though the index value in each month was at a low level, the expected index in the next three months of operators in the north was rather high. This indicated that the operators were optimistic about the future.

As for **the northeast**, the average confidence level (October 2016-April 2017) was low after the north as a result of a lack in purchasing power among consumers. In addition, operators had greater concerns regarding production costs during the end of quarter.

Regarding **the south**, the average index (October 2016-April 2017) was at a level close to the base value of 50, reaching the lowest point in January 2017 at 37.3. This low value of the index was influenced by floods in the south affecting areas where economic crops were planted, fisheries and aquaculture, as well as the tourism business in the south. Nonetheless, the index resumed a continual rise, staying at a level over 50 and reaching 56.5 in April 2017 owing to an increase in purchasing power as a result of the gradual economic expansion in the south.

The central, east and west (excluding Bangkok) was the only region with the highest index values (October 2016-April 2017) and over the base value of 50. The confidence tended to continually move upwards and reached 55.0 in April 2017. The central region still experienced impact from the world economy, however, several industries saw a positive trend.

When considering the six major manufacturing categories in each region from October 2016 to April 2017, it was found that:

- Food and Beverage Industry

The Manufacturing Sector Sentiment Index (MSSI) of SMEs in the four regions regarding the food and beverage industry stood between 20.2 and 56.9. In the central region, the MSSI was at a good level with the most stability, followed by the south where the index value was above 50 owing to both the national and international volumes of sales orders, operational costs, and a rise in net profits and employment. In the north, the index was the lowest, followed by the northeast. Nonetheless, from March to April 2017, confidence in the food and beverage industry tended to improve in almost every region.

- Textiles and Garments Industry

The overview of 2016 began to improve from the same period the year before. The Manufacturing Sector Sentiment Index (MSSI) of SMEs in the four regions regarding the textiles and garments industry stood between 11.0 and 62.4. In the north, the confidence in the textiles and garments industry was at the lowest level. However, from March to April 2017, it started to rise. Second to this was the northeast where the index tended to go downwards from January to April 2017 whereas the index in the central region and the south was at a good level and the most stable.

- Rubber and Plastic Industry

The overall rubber industry in 2017 is still expanding despite a slight drop in the domestic production volumes and sales volumes for some products. The Manufacturing Sector Sentiment Index (MSSI) of SMEs in the four regions in the rubber and plastic industry was between 13.7 and 66.7. In almost every region and month, the index was below 50. The north had the lowest index value. However, from February 2017 to April 2017, the index value in the central region and the south rose over 50 whereby the central region tended to move upwards whereas the south experienced a downward movement.

- Computer, Electronics and Electrical Appliances Industry

The overall condition of 2016 was steady. In 2017, it is estimated that the manufacturing of the industry would increase compared to the previous year. The Manufacturing Sector Sentiment Index (MSSI) of SMEs in the four regions in the computer, electronics and electrical appliances stayed between 13.3 and 63.5. The index value in the central region was above 50 and the most stable, followed by the south. As for the north and the northeast, the sentiment index was not quite at a good level.

- Wood and Furniture Industry

The overall manufacturing and sales of furniture in the last quarter of 2016 saw a contraction in accordance with the market's demand. The Manufacturing Sector Sentiment Index (MSSI) of SMEs in the four regions in the wood and furniture industry stood between 14.7 and 59.0. The sentiment index in the south was at the best level reaching over 50 from February 2017 to April 2017. However, the index in the north and the northeast was not at a good level.

- Automobiles and Semi-Trailers Industry

The overall automobile industry remained stable in 2016. The Manufacturing Sector Sentiment Index (MSSI) of SMEs in the automobiles and semi-trailers industry in the central region stood between 42.7 and 53.1 whereby the index tended to move upwards from March 2017 to April 2017.



Chapter 4

Number and Employment of SMEs in 2016

Number of SMEs

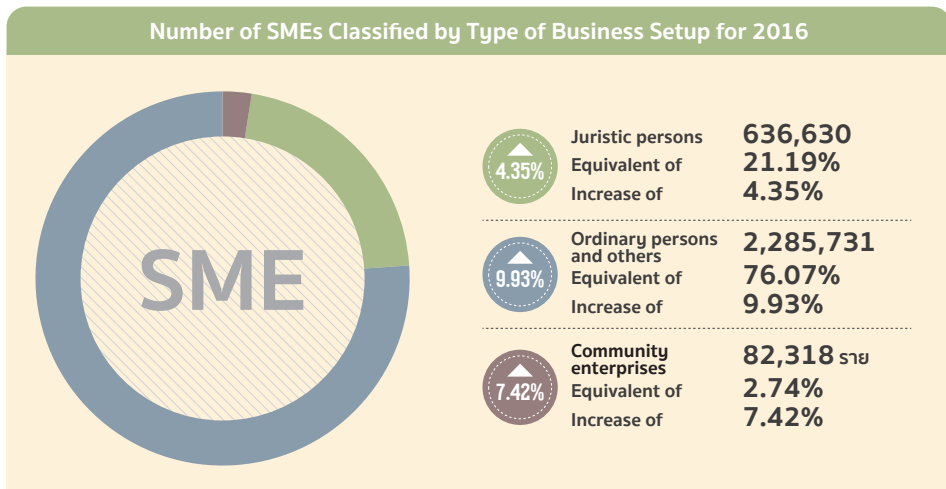
The total number of enterprises in Thailand at the end of 2016 was 3,004,679 an 8.63% expansion when compared to SMEs in the previous year. Small and medium enterprises accounted for 99.70% of the total number of enterprises in the country. The number of small enterprises (SE) totaled 2,989,378 amounting to 99.19% of the country’s total number of enterprises or 99.49% of the country’s total number of SMEs.

Overview of the Number of Enterprises

Considering the number of small and medium enterprises classified by business setup for 2016, these can be divided into three categories: juristic persons, amounting to a total of 636,630 enterprises, an equivalent of 21.19% of all small and medium enterprises in the country; ordinary persons and others accounting for 2,285,731 enterprises, an equivalent of 76.07% of the country’s total SMEs; and community enterprises totalling 82,318 enterprises, an equivalent of 2.74%. The details of which can be seen in the Figure 4.1 below.



Figure 4.1
Number of SMEs Classified by Type of Business Setup for 2016

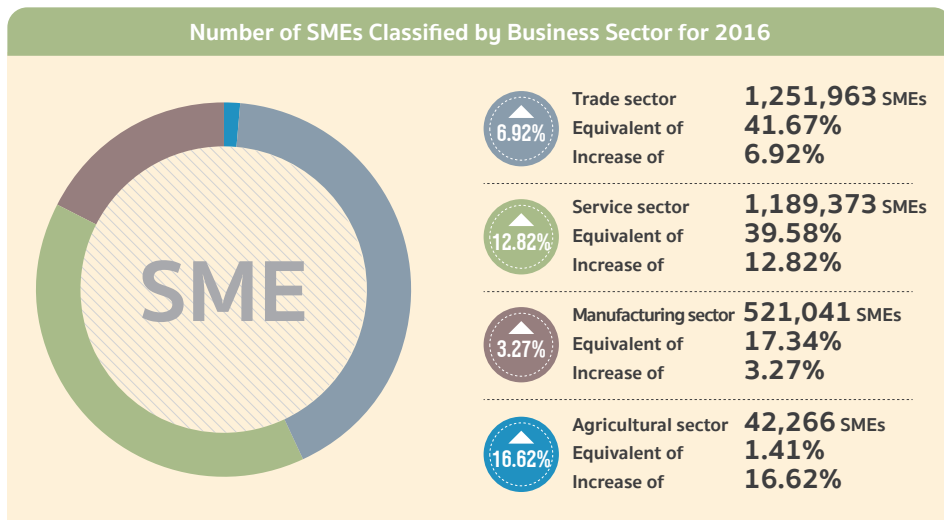


Source: Department of Business Development, Business Trade and Industrial Census, National Statistical Office, and Department of Agricultural Extension
 Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

The number of SMEs was highest in the trade sector with a total number of 1,251,963 enterprises, an expansion of 6.92% and an equivalent of 41.67% of the overall SMEs in the country. Second was SMEs in the service sector totalling 1,189,373 enterprises, an increase of 12.82% and 39.58% of the overall SMEs. Third was the manufacturing sector with 521,041 enterprises, a growth of 3.27% and 17.34% of the country’s overall SMEs. As regards the agricultural sector, there were 42,266 SMEs, an increase of 16.62% or 1.41%, as illustrated in Table 4.1.



Figure 4.2
Number of SMEs Classified by Business Sector for 2016



Source: Department of Business Development, Business Trade and Industrial Census, National Statistical Office, and Department of Agricultural Extension
 Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

Table 4.1
Number of SMEs Classified by Business Sector and Type of Business Set up from 2015-2016

Business Sector	SE		ME		SME		LE		N/A		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Total entrepreneurs	2,753,038	2,989,378	12,928	15,301	2,765,966	3,004,679	7,156	9,025	503	18	2,773,625	3,013,722
• Trade	1,168,054	1,247,702	2,925	4,261	1,170,979	1,251,963	1,982	2,858			1,172,961	1,254,821
• Service	1,048,898	1,183,376	5,322	5,997	1,054,220	1,189,373	2,416	2,735			1,056,636	1,192,108
• Manufacturing	500,019	516,210	4,505	4,831	504,524	521,041	2,689	3,346			507,213	524,387
• Agricultural business	36,067	42,054	176	212	36,243	42,266	69	86			36,312	42,352
• Unable to specify business sector		36				36			503	18	503	54
Juristic Persons	599,451	624,365	10,617	12,265	610,068	636,630	6,523	8,194	20	18	616,611	644,842
• Trade	201,518	211,849	1,804	2,402	203,322	214,251	1,510	2,098			204,832	216,349
• Service	315,945	328,397	4,818	5,412	320,763	333,809	2,330	2,693			323,093	336,502
• Manufacturing	79,033	81,053	3,819	4,239	82,852	85,292	2,614	3,317			85,466	88,609
• Agricultural business	2,955	3,066	176	212	3,131	3,278	69	86			3,200	3,364
• Unable to specify business sector									20	18	20	18
Ordinary Persons and Others	2,076,956	2,282,695	2,311	3,036	2,079,267	2,285,731	633	831	392	392	2,080,292	2,286,562
• Trade	963,073	1,033,267	1,121	1,859	964,194	1,035,126	472	760			964,666	1,035,886
• Service	728,582	850,721	504	585	729,086	851,306	86	42			729,172	851,348
• Manufacturing	385,301	398,707	686	592	385,987	399,299	75	29			386,062	399,328
• Unable to specify business sector									392		392	
Community Enterprises	76,631	82,318			76,631	82,318			91		76,722	82,318
• Trade	3,463	2,586			3,463	2,586					3,463	2,586
• Service	4,371	4,258			4,371	4,258					4,371	4,258
• Manufacturing	35,685	36,450			35,685	36,450					35,685	36,450
• Agricultural business	33,112	38,988			33,112	38,988					33,112	38,988
• Unable to specify business sector		36			0	36			91		91	36

Source: Department of Business Development, Business Trade and Industrial Census, National Statistical Office, and Department of Agricultural Extension
 Note 1: Data of ordinary persons as of 2015 was gathered from Business Trade and Industrial Census of 2011. As for ordinary persons and others as of 2016 was gathered from Business Trade and Industrial Census of 2017.

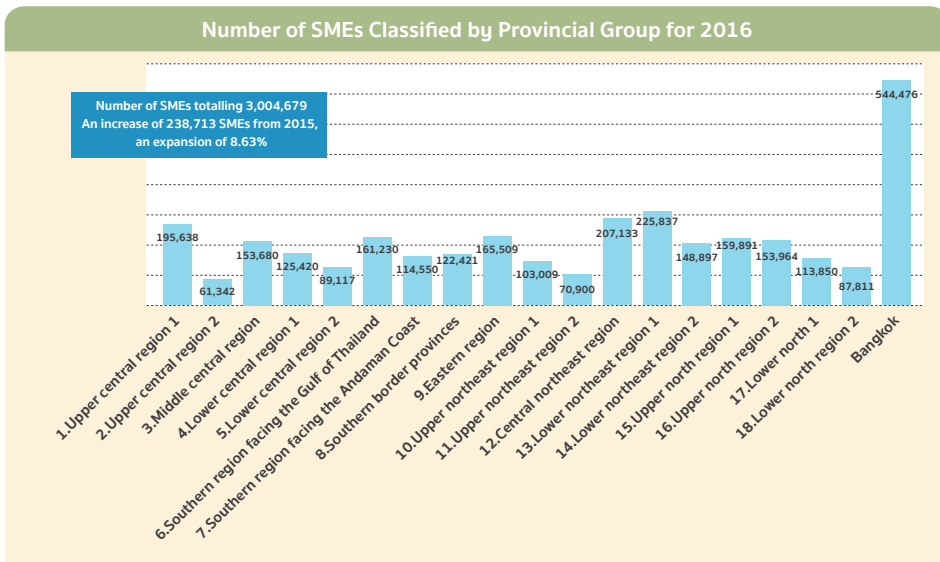
Note 2: The agricultural sector comprises enterprises belonging to the economic activity Category A (01-03) which is the database specifically on juristic persons and community enterprises, excluding ordinary person business.

Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

As regards the overview of the number of SMEs classified by provincial group in 2016, Bangkok had the highest number totalling 544,476 SMEs, or 18.12% of all SMEs. As regards provincial groups, the provincial group of the lower northeast 1 consisting of Chaiyaphum, Nakhon Ratchasima, Buriram, and Surin had the highest number of SMEs totalling 225,837 enterprises, or 7.52% of all SMEs in the country and an expansion of 9.26% from the previous year. Second was the provincial group of the central northeast and the upper central region 1 as illustrated in Figure 4.3.



Figure 4.3
Number of SMEs Classified by Provincial Group for 2016



Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)



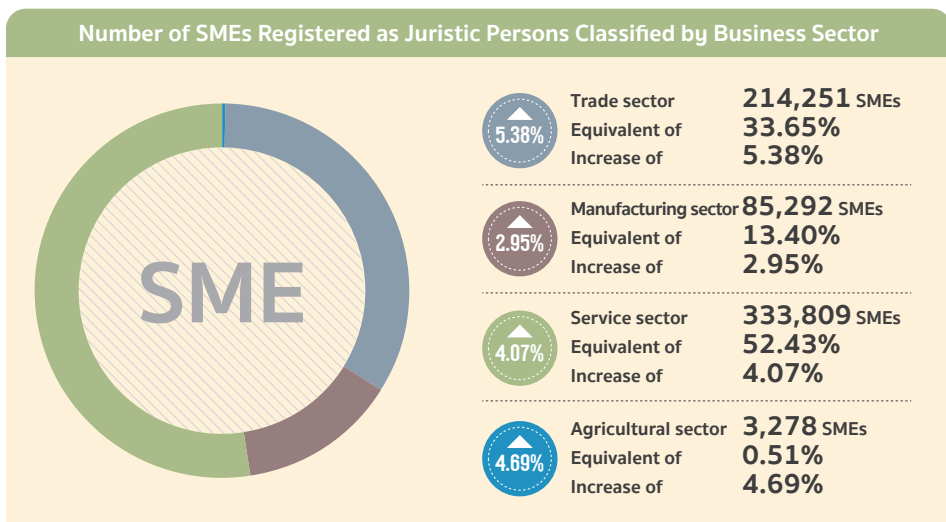
Overview of the Number of Juristic Persons

In 2016, the number of SMEs registered as juristic persons was highest in the service sector totalling 333,809 enterprises, an equivalent of 52.43% of overall SMEs registered as juristic persons in the country, and an expansion of 4.07%. Second was SMEs in the trade sector with a total number of 214,251 enterprises, or 33.65% and an increase of 5.38%. Third was the manufacturing sector with 85,292 SMEs, an equivalent of 13.40% and an expansion of 2.95% as illustrated in Figure 4.4.



Figure 4.4

Number of SMEs Registered as Juristic Persons Classified by Business Sector



Source: Department of Business Development, the Ministry of Commerce, Business Trade and Industrial Census, National Statistical Office
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

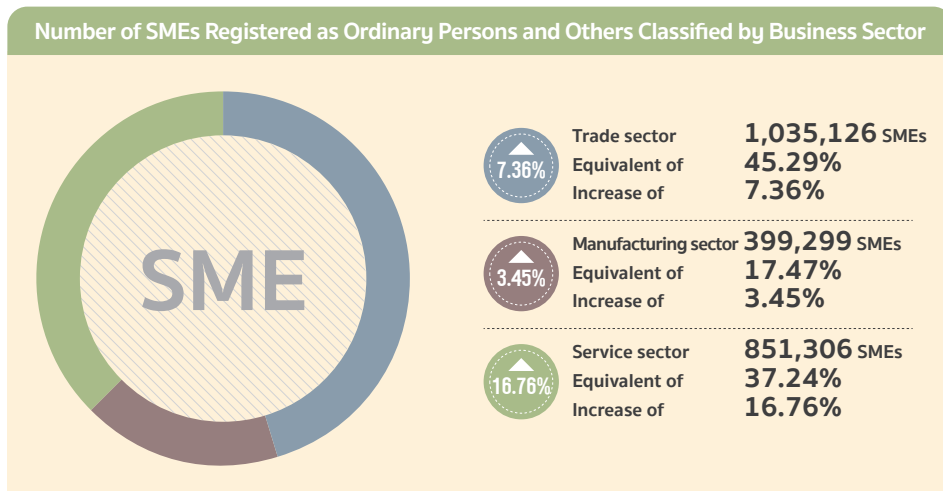
The number of SMEs registered as juristic persons in the main sector of wholesale and retail (Category G) was 214,251 enterprises, 140,356 of which were in the minor category of wholesale except automobiles and motorbikes, an increase of 6,293 enterprises from 2015 or 22.05% of the country's overall SMEs registered as juristic persons. It was an expansion of 4.69% compared to the same category in the previous year. The number was highest in Bangkok totalling 266,912 enterprises, or 41.93%, followed by Chonburi. The province with the least number of SMEs registered as juristic persons was Mae Hong Son.

Overview of the Number of SMEs Registered as Ordinary Persons and Others

SMEs registered as ordinary persons and others were highest in number in the trade sector totalling 1,035,126 enterprises, or an equivalent of 45.29% of overall SMEs registered as ordinary persons in the country, and a 7.36% rise. Second was the service sector with 851,306 SMEs, or 37.24%. Third was the manufacturing sector with a total number of 399,299 SMEs, or 17.47%, as shown in Figure 4.5.



Figure 4.5
Number of SMEs Registered as Ordinary Persons and Others Classified by Business Sector



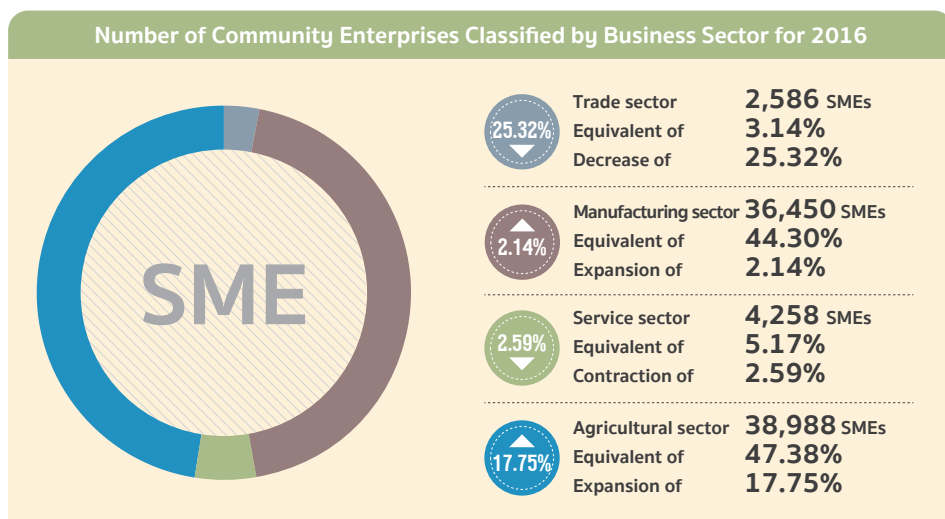
Source: Business Trade and Industrial Census 2017, National Statistical Office
 Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

The number of SMEs registered as ordinary persons in the main sector of wholesale and retail (Category G) was 1,035,126 enterprises, of which 798,587 were in the minor category of retail except automobiles and motorbikes, or 34.94% of the country’s overall SMEs registered as ordinary persons and others. The number was highest in Bangkok totaling 277,374 enterprises, or 12.14%, followed by Chiang Mai. The province with the least number of SMEs registered as ordinary persons and others was Samut Songkhram.

Overview of the Number of Community Enterprises

In 2016, the number of SMEs that were community enterprises totaled 82,318 enterprises, of which 82,318 were SMEs. The number was highest in the agricultural sector with a total number of 38,988 SMEs, or 47.38% of the country’s SMEs that were community enterprises, and an increase of 17.75%. Second was the manufacturing sector totaling 36,450 enterprises, or an equivalent of 44.30% and an expansion of 2.14%. The service sector had 4,258 SMEs, or 5.17%, and a decrease of 2.59%. In the trade sector, there were 2,586 SMEs, or 3.14%, and a contraction of 25.32% as illustrated in Figure 4.6.

Figure 4.6
Number of Community Enterprises Classified by Business Sector for 2016



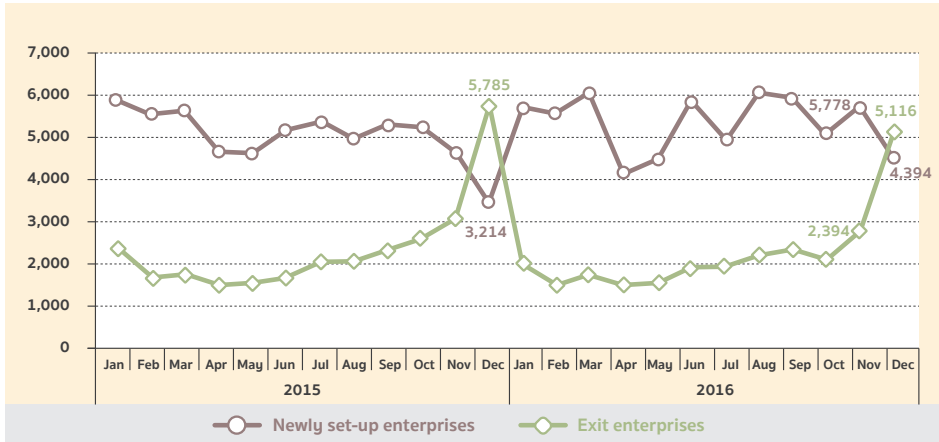
Source: Department of Agricultural Extension, the Ministry of Agriculture and Cooperatives
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

SMEs that were community enterprises were highest in number in the minor category of cultivating and animal raising totaling 36,735 enterprises, an increase of 5,684 enterprises from 2015, or 44.63% of all SMEs that were community enterprises in the country. It was an expansion of 18.31% compared to the same category the year before. Second was the minor category of the manufacturing of food products and textiles which was highest in number in Ubon Ratchatani totalling 4,310 enterprises or 5.24%, followed by Roi Et. The province with the least number of community enterprises was Samut Sakhon.

Setting up and Exit of Juristic Persons for 2016



Figure 4.7
Setting up and Exit of Juristic Persons



Source: Department of Business Development, the Ministry of Commerce
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

The number of new enterprises set up in 2016 totaled 64,009 – 4,132 more enterprises than 2015 and equivalent to an increase of 6.90%. As for the exit and completeness of the liquidation of enterprises in 2016, there were 20,916 in total, a decrease of 1,817 enterprises from 2015, equivalent to a contraction of 7.99% from 2015.

Regarding newly set up juristic persons classified by the highest five economic activities in 2016, the highest was the wholesale business except automobiles and motorbikes with 14,279 enterprises, followed by general construction with 7,267 enterprises and the retail business except automobiles and motorbikes with 6,801 enterprises.

As regards the juristic persons that deregistered as business entities classified by the five highest economic activities (subcategories) in 2016, the highest was the wholesale business except automobiles and motorbikes totaling 4,551 enterprises. Second was gambling and lotteries with 2,252 enterprises, followed by general construction with 1,744 enterprises.

As for enterprises undergoing other types of insolvency classified by the five highest economic activities (subcategories) in 2016, the highest number was the wholesale business except automobiles and motorbikes totaling 4,732 enterprises, followed by general construction with 2,675 enterprises, and gambling and lotteries with 1,964 enterprises.

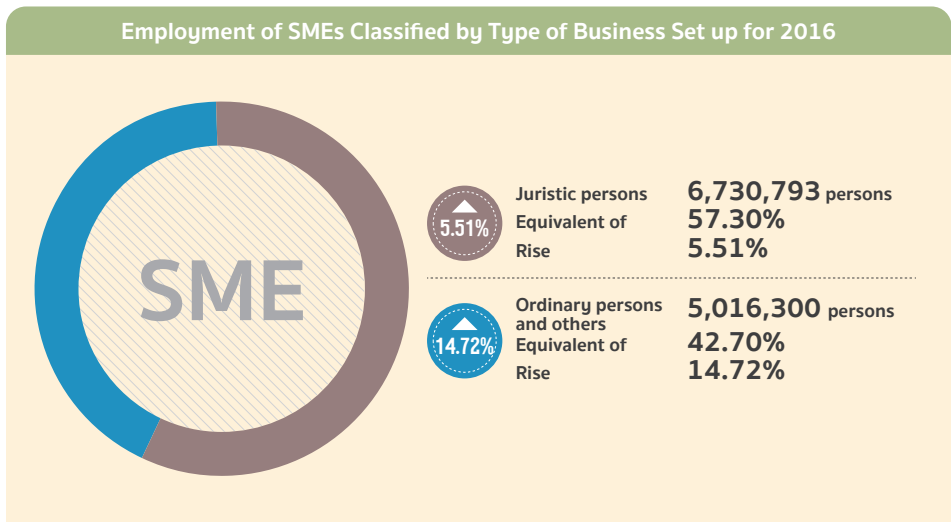
Employment Figures of SMEs

Overview of Employment Figures

In 2016, the number of people employed by enterprises of all sizes totaled 14,780,001 people. Of this number, large enterprises (LEs) employed 3,032,908 people and SMEs employed 11,747,093 people, or 78.48% of overall employment. Small enterprises (SEs) employed the greatest proportion of all enterprises overall at 72.08%, and the greatest proportion of SMEs at 90.69%.

Regarding SME employment by type of business set up in 2016, this can be classified into two types: the employment of juristic persons totaled 6,730,793 persons, equivalent to 57.30% of the country’s overall employment of SMEs; and the employment of the ordinary persons and others accumulated to 5,016,300 persons, equivalent to 42.70% of the country’s overall employment of SMEs as shown in Figure 4.8.

Figure 4.8
Employment of SMEs Classified by Type of Business Set up for 2016

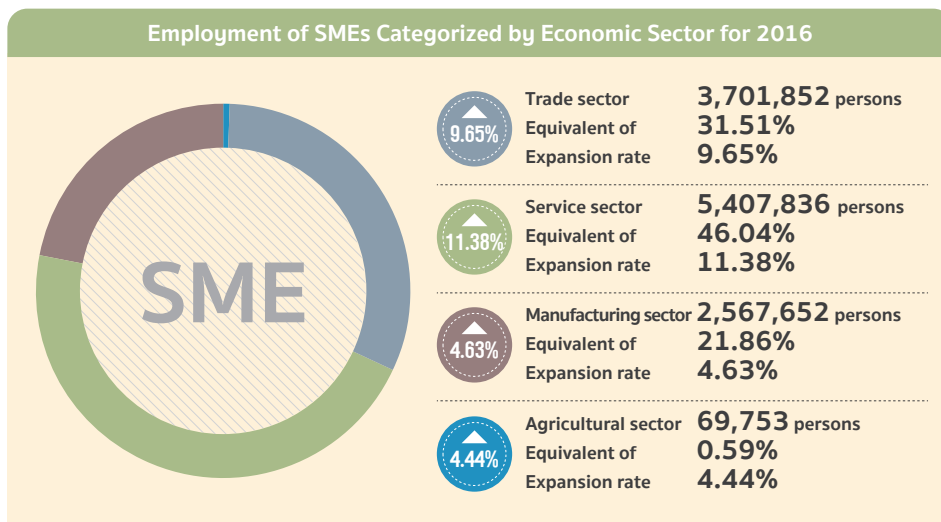


Source: Department of Business Development, Business Trade and Industrial Census, National Statistical Office, and Department of Agricultural Extension
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

Regarding the employment of SMEs, the service sector had the highest number of employees totaling 5,407,836, or 80.63% of the overall employment in the service sector in the country, and an expansion rate of 11.38% compared to the employment of SMEs in the service sector in the previous year. Second was the trade sector with 3,701,852 employees, or 91.55% of all employment in the trade sector, a growth rate of 9.65%, and an equivalent of 46.04% of the overall employment of SMEs. This was followed by the manufacturing sector hiring 2,567,652 people, or 64.89% of the overall employment in the manufacturing sector in the country, an expansion rate of 4.63%, and an equivalent of 21.86% of the overall employment of SMEs. As for the agricultural sector, there were 69,753 employees in total, an expansion rate of 4.44% when compared to the employment of SMEs in the agricultural sector in the previous year as illustrated in Figure 4.9 and Table 4.3.



Figure 4.9
Employment of SMEs Categorized by Economic Sector for 2016



Source: Department of Business Development, Business Trade and Industrial Census, National Statistical Office, and Department of Agricultural Extension
 Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

Table 4.3
Number and Proportion of Employment Categorized by Business Sector from 2015-2016

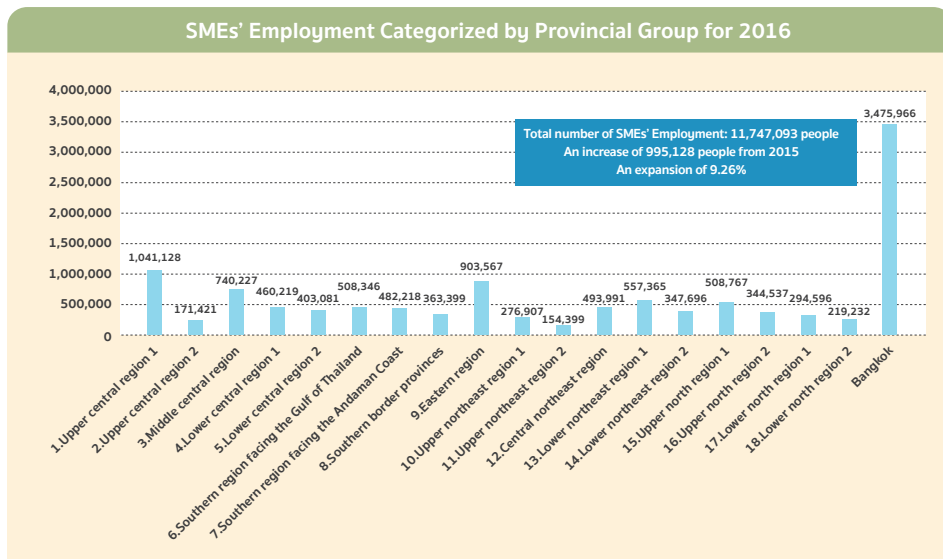
Business Sector	SE		ME		SME		LE		N/A		Total	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Total entrepreneurs	9,767,074	10,653,656	984,891	1,093,437	10,751,965	11,747,093	2,615,033	3,032,908	1,032	0	13,368,030	14,780,001
· Trade	3,295,995	3,589,214	79,950	112,638	3,375,945	3,701,852	248,133	341,546			3,624,078	4,043,398
· Service	4,361,667	4,858,805	493,637	549,031	4,855,304	5,407,836	1,170,980	1,298,838			6,026,284	6,706,674
· Manufacturing	2,046,901	2,141,034	407,029	426,618	2,453,930	2,567,652	1,193,154	1,389,435			3,647,084	3,957,087
· Agricultural business	62,511	64,603	4,275	5,150	66,786	69,753	2,766	3,089			69,552	72,842
· Unable to specify business sector									1,032		1,032	
Juristic Persons	5,518,384	5,768,958	860,868	961,835	6,379,252	6,730,793	2,467,940	2,952,277	0	0	8,847,192	9,683,070
· Trade	1,475,134	1,549,050	53,879	71,010	1,529,013	1,620,060	212,467	287,121			1,741,480	1,907,181
· Service	2,840,208	2,989,666	451,248	505,187	3,291,456	3,494,853	1,117,510	1,284,183			4,408,966	4,779,036
· Manufacturing	1,140,531	1,165,639	351,466	380,488	1,491,997	1,546,127	1,135,197	1,377,884			2,627,194	2,924,011
· Agricultural business	62,511	64,603	4,275	5,150	66,786	69,753	2,766	3,089			69,552	72,842
Ordinary Persons and Others	4,248,690	4,884,698	124,023	131,602	4,372,713	5,016,300	147,093	80,631	1,032	0	4,520,838	5,096,931
· Trade	1,820,861	2,040,164	26,071	41,628	1,846,932	2,081,792	35,666	54,425			1,882,598	2,136,217
· Service	1,521,459	1,869,139	42,389	43,844	1,563,848	1,912,983	53,470	14,655			1,617,318	1,927,638
· Manufacturing	906,370	975,395	55,563	46,130	961,933	1,021,525	57,957	11,551			1,019,890	1,033,076
· Unable to specify business sector									1,032		1,032	

Source: Department of Business Development, Business Trade and Industrial Census, National Statistical Office, and Department of Agricultural Extension
 Note: The agricultural sector comprises enterprises belonging to the economic activity Category A (01-03) which is the database specifically on juristic persons and community enterprises, excluding ordinary person business.
 Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

As regards the overview of SME employment figures categorized by location, Bangkok had the highest number totaling 3,475,966 employees, or 29.59% of all SMEs. Second to Bangkok was the provincial group in the upper central region 1 and the eastern region respectively as shown in Figure 4.10.



Figure 4.10
SMEs' Employment Categorized by Provincial Group for 2016

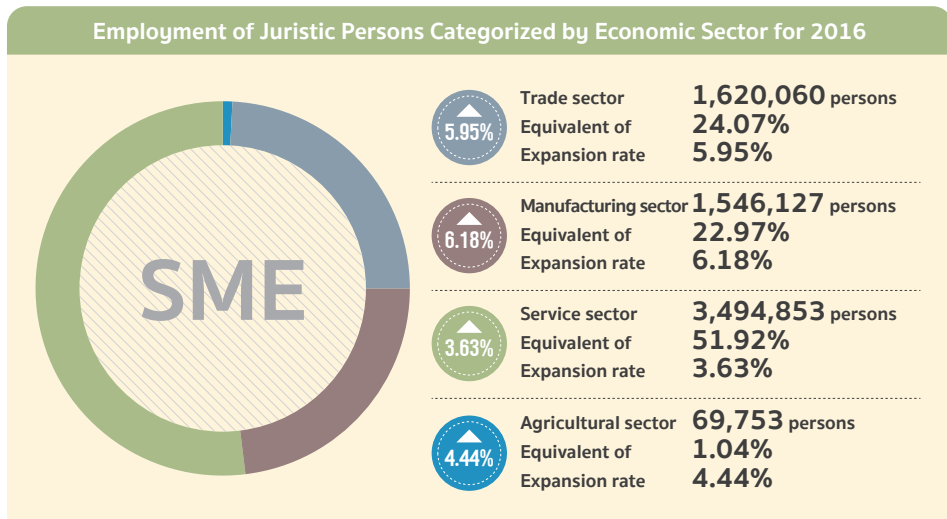


Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

Employment by Juristic Persons

As regards employment by SMEs registered as juristic persons, it was found that in 2016 the service sector had the highest number of employees totaling 3,494,853, or 51.92% of the overall employment of SMEs registered as juristic persons in the country, and an expansion rate of 6.18% compared to last year. Second was the trade sector with 1,620,060 employees, or 24.07%, followed by the manufacturing sector hiring 1,546,127 people, or 22.97%. As for the agricultural sector, there were 69,753 employees in total, or 1.04% as illustrated in Figure 4.11.

Figure 4.11
Employment of Juristic Persons Categorized by Economic Sector for 2016



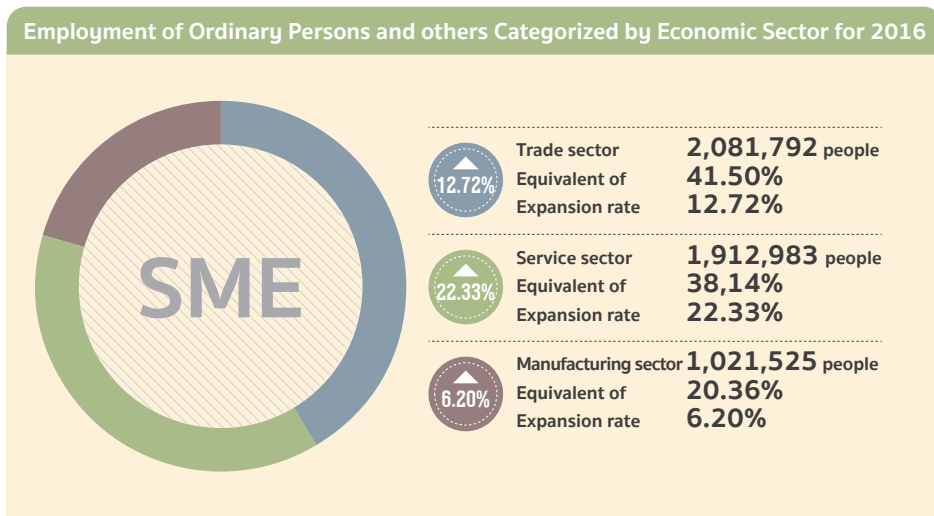
Source: Department of Business Development, the Ministry of Commerce
Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

SMEs registered as juristic persons hired a total of 1,620,060 people in the main sector of wholesale and retail (Category G), 1,161,036 of which were highest in the minor category of wholesale except automobiles and motorbikes, an increase of 59,204 employees from 2015 and an equivalent of 17.25% of the overall employment of SMEs registered as juristic persons in the country, and a 5.37% rise. Second was the manufacturing sector (Category C) and general construction (Category F) whereby employment by SMEs registered as juristic persons was highest in number in Bangkok accumulating to 2,774,024 persons, or 41.21% of the overall employment of SMEs registered as juristic persons in the country, followed by Chonburi. The province with the lowest employment figure was Mae Hong Son.

Employment by Ordinary Persons and Others

In 2016, employment by SMEs registered as ordinary persons and others was highest in the trade sector amounting to 2,081,792 employees, or 41.50%. Second was in the service sector with a total of 1,912,983 people, or 38.14%, followed by the manufacturing sector hiring 1,021,525 people, or 20.36% as shown in Figure 4.12.

Figure 4.12
Employment of Ordinary Persons and others
Categorized by Economic Sector for 2016



Source: Business Trade and Industrial Census, National Statistical Office.
 Compiled by The Office of Small and Medium Enterprises Promotion (OSMEP)

Regarding the employment of SMEs registered as ordinary persons and others, the number was highest in the main sector of wholesale and retail (Category G) amounting to 2,081,792 persons. The main amount of this number was in the minor wholesale sector except automobiles and motorbikes totaling 1,482,428 people, or 29.55% of the overall employment of non-juristic person SMEs in the country. Second came the manufacturing sector (Category C) and the accommodation and food service (Category I) whereby the employment figure was highest in Bangkok amounting to 701,942 people, or 13.99% of the overall employment of SMEs registered as ordinary persons and others in the country, followed by Chiang Mai. The province with the lowest employment figure was Mae Hong Son.



Chapter 5

Guidelines for Promoting SMEs according to Business Life Cycle

Business Life Cycle Situation of SMEs for 2016

In 2016, the number of juristic persons submitting the annual financial statement reached 469,989 enterprises. Of this number, there were 228,783 juristic persons submitting financial statements consecutively over the past four years, of which 223,615 were SMEs. As regards this information, the situation of the business life cycle of SMEs can be analyzed according to the classification of business competency as follows:



Table 5.1
Criteria for considering the classification of entrepreneurs according to business competency using the criteria of total income from the financial statements of the previous four years

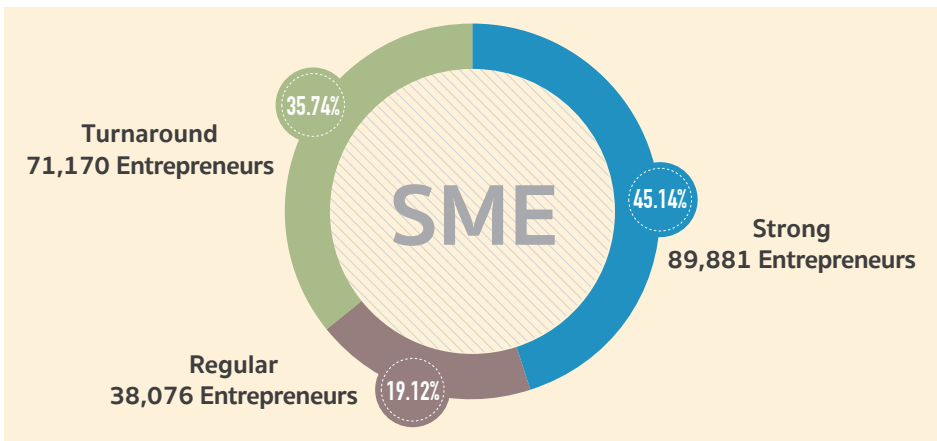
Classification of Entrepreneurs	Classification of Minor Entrepreneurs	Definition
1. Strong	1.1 Very strong	Total income in 3 years expanding over 20% for three consecutive years
	1.2 Relatively Strong	Total income in 3 years expanding positively every year for 3 years in total, at an over 20% rise
	1.3 Strong	Total income in 3 years expanding over 20%
2. Regular	2.1 Almost Strong	Total income in 3 years expanding over 5% but not over 20%
	2.2 Regular +	Total income in 3 years expanding over 0-5%
	2.3 Regular -	Total income in 3 years reducing from less than 0% to -5%
3. Turnaround (declining growth)	3.1 Turnaround 1	Total income in 3 years decreasing over -5% but not over -20%
	3.2 Turnaround 2 (Streetfighter)	Total income in 3 years decreasing over -20%

Source: The Office of Small and Medium Enterprises Promotion (OSMEP)

Based on the data analysis of SME entrepreneurs according to the classification of entrepreneurs using the criteria of total income from the financial statement of the past four years, 89,881 SME entrepreneurs were Strong, or 45.14% of the total SME entrepreneurs consecutively submitting the retroactive financial statements of the past four years. Second was Turnaround with 71,170 entrepreneurs, or 35.74%. The number of SME entrepreneurs belonging to Regular totaled 38,076 entrepreneurs, or 19.12%.



Figure 5.1
Proportion of Number of SME Entrepreneurs according to Entrepreneur Classification



Source: Database and Statistics Division, The Office of Small and Medium Enterprises Promotion (OSMEP)

Number of SME Entrepreneurs Classified by Business Sector and Classification of Entrepreneurs using the Criteria of Total Income from the Financial Statements of the Previous Four Years

1. Classification of Entrepreneur

1.1 For the category of Strong, the number of SME entrepreneurs was highest in the service sector totaling 52.48% of entrepreneurs submitting the recent four annual financial statements, followed by the trade sector accumulating to 32.11%, the manufacturing sector accounting for 14.94%, and the agricultural sector at 0.47%.

1.2 For the Regular category, most SME entrepreneurs were in the service sector amounting to 51.31% of SME entrepreneurs submitting the retroactive financial statements for four years. Second was the trade sector accounting for 31.88%, followed by the manufacturing sector totaling 16.34% and the agricultural sector reaching 0.47%.



1.3 For the group of Turnaround, SME entrepreneurs were highest in number in the trade sector accounting for 41.23% of SME entrepreneurs submitting the retroactive financial statements for four years. Second was the service sector totaling 40.43%, the manufacturing sector amounting to 17.88%, and the agricultural sector accumulating to 0.46%.

2. Classification by Business Sector

2.1 Agricultural Sector

Regarding the agricultural sector, for the entrepreneurs submitting the financial statement for the last four consecutive years, most of them belonged to the Strong category totaling 45.19%. Second were those in the Turnaround group accounting for 35.57%. Regular had the least proportion of SME entrepreneurs at 19.24%.

2.2 Manufacturing Sector

In the manufacturing sector, SME entrepreneurs had the highest proportion in the Strong category at 41.48%, followed by the Turnaround totaling 39.30%, and the Regular accounting for 19.22%.

2.3 Trade Sector

In the trade sector, SME entrepreneurs were highest in number in the Turnaround amounting to 41.71%. Second was the Strong category with the proportion of SME entrepreneurs of 41.03%. The least number of SME entrepreneurs belonged to Regular at 17.26%.

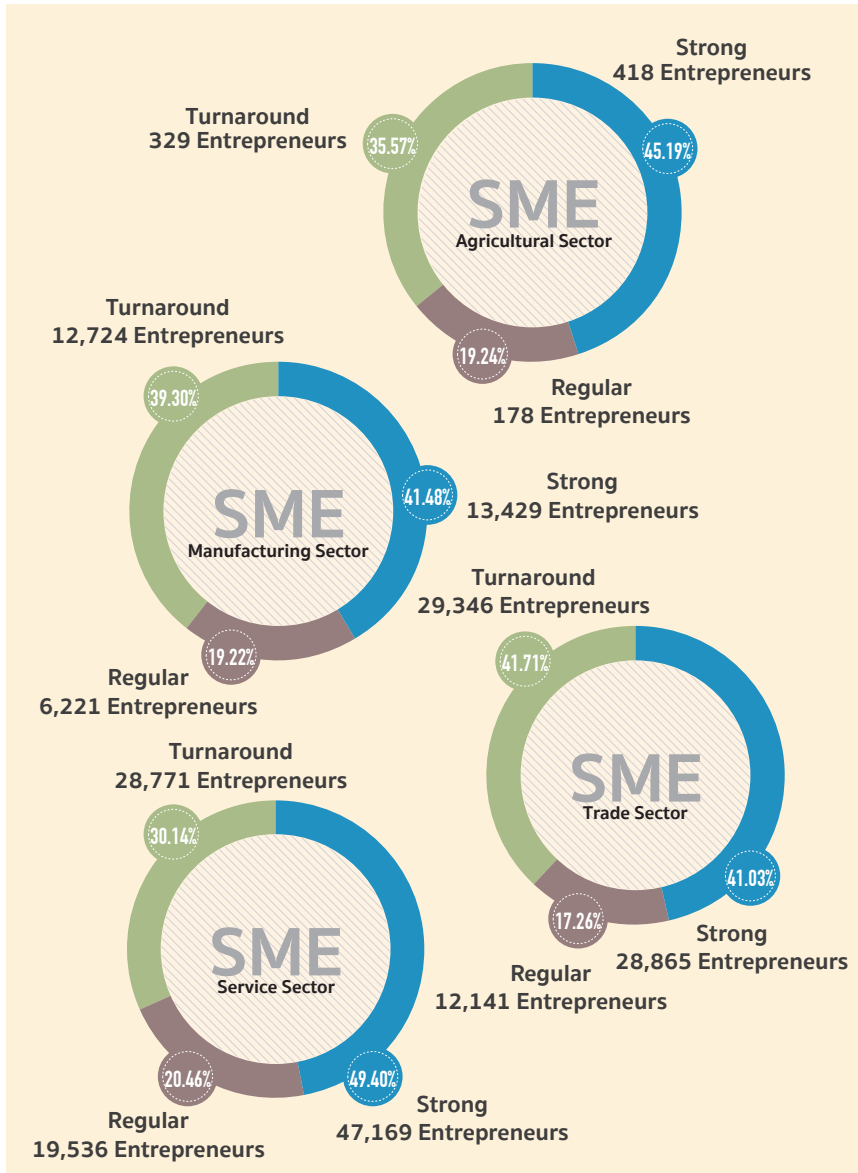
2.4 Service Sector

In the service sector, SME entrepreneurs were highest in number in the Strong category at the proportion of 49.40%, followed by Turnaround at 30.14%, and Regular accounting for 20.46%.

According to the proportion in each business sector, it can be seen that the manufacturing and trade sectors shared a similar proportion of Strong and Turnaround. Support from agencies, therefore, is essential. In addition, the factors facilitating the business operation of entrepreneurs need to be created to allow SME entrepreneurs in Turnaround to adjust themselves in conducting business, and to enter the Regular or even move up to Strong category as much as possible. As for the service sector, the proportion of entrepreneurs was relatively higher in Strong than Turnaround. This was manifested in the positive expansion of the service business.



Figure 5.2
Number of SME Entrepreneurs Classified by Business Sector
and Classification of Entrepreneurs



Source: Database and Statistics Division, The Office of Small and Medium Enterprises Promotion (OSMEP)



Results of SME Promotion and Conduction of Project based on SME Promotion Guidelines according to Competency of Business Operation

The report on the operating results of SME promotion for 2016 indicated that the Office of Small and Medium Enterprises Promotion (OSMEP) has been able to promote SME entrepreneurs according to the business competency using the criteria of total income from the latest four financial statements, develop and promote SMEs in the aspects of personnel, enterprises, products or service, details of which are as follows:

- **Regular and Strong:** There were 17,948 SMEs obtaining benefits from eight projects with a budget of 480.86 million baht. Projects placed emphasis on promoting SMEs currently in business to expand further and be more innovative as follows:

- Strengthening capacity and reducing production cost, creating the economic value of 160 million baht, and decreasing the value of waste at 3% and the cost value at 6%.
- Increasing marketing knowledge and experience, resulting in the trade value of 1,580 million baht.
- SMEs investing in innovation worth 40.639 million baht in the research project and R&D.
- SMEs going through the know-how and in-depth learning process, as well as creating business facilitators.

- **Turnaround:** There were 24,445 SMEs receiving benefits from three projects with the budget of 3,630 million baht. The purpose is to restore SMEs to operate their business with stability by focusing on affected businesses unable to keep up in the economic situation but still maintaining business competency. This business group was informed of their problems and weak points, and provided with consultancy. The business development plan is designated and debt structure is adjusted through assisting SMEs to obtain capital support.

In 2017, the Office of Small and Medium Enterprises Promotion has conducted projects in collaboration with cooperative units with the objective of pushing forward, promoting and developing SME entrepreneurs in each group on a continuous basis. The goals to promote SME entrepreneurs are:

- **Regular and Strong Entrepreneurs**

As regards promoting the expansion of SMEs currently in business and innovation, the development of entrepreneurs in growing businesses is carried out through such means as business diagnosis, coaching, in-depth reinforcement of entrepreneurs' capacity, promotion and development to increase more marketing channels in the form of Business to Customer (B2 B 2C), product development to increase market capacity, capacity promotion to strengthen trading competency and opportunities for SMEs as well as supporting the extension of the international business market.

- **Turnaround Entrepreneurs**

Restoration has been carried out to help SMEs conduct their business with stability in order to help those facing financial difficulties and debt payments for business operation. The projects include restoring SMEs business, capital recovering minor enterprises, and adjusting business plans and increasing competence.

The government sector would not be able to implement policy and SME promotion guidelines according to the expansion level of business operations to help SME entrepreneurs without companies registering with the government agencies as data for promoting, supporting, and developing SME entrepreneurs to be compatible with the needs of SME entrepreneurs.