

# MSMEs & Catalyst in Viksit Bharat

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‘Viksit Bharat’/‘Developed India’ is the DREAM of every INDIAN, we have been uttering since our childhood as “सारे जहाँ से अच्छा हिंदुस्तान हमारा”, a better place to live in. It is a sense of proud being, to be an INDIAN and acknowledged as a citizen of the most developed Country, named “BHARAT”.

Currently, India is standing at 5<sup>th</sup> position in the global economy with Gross Domestic Product (GDP) growth at 4,112 (USD Billion). The milestone has staged to make India a “Viksit Bharat” by 2047, empowering with economic growth (30-trillion Dollars Economy). Looking at the magnificent progress of the MSMEs in INDIA and their contribution towards the GDP of INDIA, they emerged as the economic backbone of the country’s growth and acted as catalysts in Viksit Bharat. “MSME(s) are Small in Size but Big in Badge”.

## INTRODUCTION

**T**he article covers the existence of a dynamic eco-system of Micro, Small, and Medium Enterprises (MSMEs) in India, which has been playing as a catalyst in ‘Viksit Bharat’.

MSME(s) are evolving as the backbone of the country’s economy, by its nature, size, coverage, employment potential, capital, self-reliance, inclusiveness, and contribution to GDP. They are acting as the key economic driver towards achieving sustainable growth, thereby called MSMEs as the growth engine of the country’s economy. There is a reciprocal relationship between MSMEs and economic growth, as they account for 90% of Trade, 70% of employment, and 50% of GDP, worldwide. The growth of MSME in India projected at 6.3% (as per IMF data) in Fy 2023-24. Besides, they also count as the growth indicator of most developed



country(s). Looking at India’s population size (about 146 million), employment for all is playing a crucial role in achieving the ‘Viksit Bharat’ vision by 2047. The MSMEs of India is the key element towards attaining the Sustainable Development Goal (SDG). Furthermore, MSMEs are now spreading over many diverse sectors ranging from Agri-Tech to Space-Tech. The ‘ATMANIRBHAR BHARAT’/ (आत्मनिर्भर भारत) with Make-In-INDIA campaign, opens a window for the prosperity of the MSMEs in India. These MSMEs now become booster dose to protect the economic health and aids to maintain the rapid growth momentum of India. The strategic intent of the Govt., also favouring the MSMEs; towards the development of Female-centric entrepreneurship, nurturing many Start-ups, and paving NANO-UNICONS. The genesis of the MSMEs as such which suits INDIA’s geographical features and demographic positioning at a large extent towards overall growth of INDIA. Certainly, these MSMEs are playing a pivotal role in achieving the milestone of 30 trillion Dollar Economy by the end of 2047, thus, being measured a catalyst in ‘Viksit Bharat (विकसित भारत)’.

## THE MSME SECTOR OF INDIA

Against this backdrop, a peer review on the Taxonomy of the Indian MSMEs needed in order to validate their contribution in making INDIA a VIKSIT BHARAT.

### Category:

As per the MSMED Act, 2006, the MSMEs units are categories under composite criteria (Investment in Plant & Machinery/equipment and Annual Turnover).

Criteria	MICRO	SMALL	MEDIUM
Investment in PPE	Not more than Rs. 1 Cr.	Not More than Rs. 10 Cr.	Not More than Rs. 50 Cr.
Annual Turnover	Not more than Rs. 5 Cr.	Not More than Rs. 50 Cr.	Not More than Rs. 250 Cr.

## THE SCENARIO

### A. No. of MSMEs in India:

There are 6.33 Millions of MSMEs in India as on date and out of them 6.08 Millions are proprietary concern. Category wise details is given below;

Category	Estimated No. of Enterprises (in lakhs)			Share %
	Rural	Urban	Total	
Manufacturing	114.14	82.5	196.64	31.02%
Electricity (Non-Captive)	0.03	0.01	0.04	0.01%
Trade	108.71	121.64	230.35	36.34%
Other Services	102	104.85	206.85	32.63%
<b>Total:</b>	<b>324.88</b>	<b>309</b>	<b>633.88</b>	<b>100.00%</b>

Source: Annual Report 2022-23, MSME India.

From the above data, MSMEs are more involved in Trade and Other Services than the Manufacturing, which is low

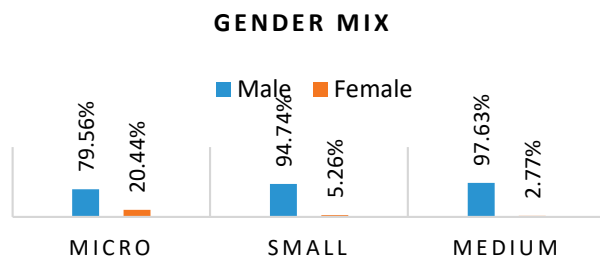
S. No.	State/UT Name	Micro	Small	Medium	Total Udyam
1	MAHARASHTRA	40,22,925.00	88,674.00	10,062.00	41,21,661.00
2	TAMIL NADU	23,66,157.00	50,662.00	4,356.00	24,21,175.00
3	UTTAR PRADESH	22,60,173.00	50,923.00	3,883.00	23,14,979.00
4	RAJASTHAN	17,14,116.00	35,608.00	2,657.00	17,52,381.00
5	GUJARAT	16,69,952.00	70,177.00	7,069.00	17,47,198.00
6	KARNATAKA	13,44,248.00	38,034.00	3,303.00	13,85,585.00
7	MADHYA PRADESH	11,30,966.00	24,754.00	1,731.00	11,57,451.00
8	BIHAR	9,75,343.00	15,356.00	821.00	9,91,520.00
9	WEST BENGAL	9,53,547.00	29,687.00	2,661.00	9,85,895.00
10	PUNJAB	8,88,725.00	23,570.00	2,056.00	9,14,351.00

Source: Udyam Registration Portal

### C. Gender Mix:

The involvement of female entrepreneurs in India's MSMEs sector is very low in comparison to male. Following are the sector-wise gender mix;

- Micro: 79.56% (Male) and 20.44% (Female)
- Small: 94.74% (Male) and 5.26% (Female)
- Medium: 97.63% (Male) and 2.77% (Female)



Source: Ministry of MSME.

capital-intensive units. Moreover, they are also in rural than urban, akin they are micro & small units.

### B. Udyam Registration:

As on date, there are total of 2,44,15,144 nos. of MSMEs have been registered in the UDYAM registration site maintained by the Ministry of MSME, India. Following are the category wise registered units;

- Micro: 2,37,50,301 nos.
- Small: 6,09,342 nos.
- Medium: 55,501 nos.

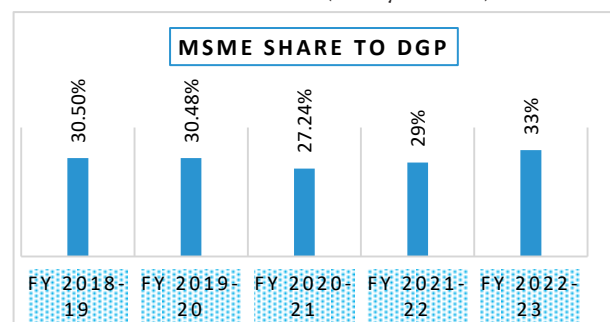
It is observed that out of the total Udyam registration, nearly 97% are the Micro, 2.5% are the Small and 0.5% are the Medium category. Hence, the focus of the Govt. is required more towards making Small and Medium Units along with the Micro Units.

The State wise Udyam registration data shows, Maharashtra is leading with a very hearty margin with respect to other States of INDIA. Following are the State-wise top 10 MSME Registration (in nos.):

From the above table, it shows that Micro sector is attracting more number. of female to be in the business instead of small and medium. It is happening due to the skill set in handicraft, cottage and cash crops business. The gender ratio should come closure; accordingly, platform is set for the female to be more in Small and Medium Industry than Micro Industry.

### D. Share of MSMEs to GDP of India:

It is learnt that the average contribution of MSMEs to the India's GDP is 30% approx., which constitute a big chunk of share. Share of MSME to GDP of India (last 5 year trend) is as under;

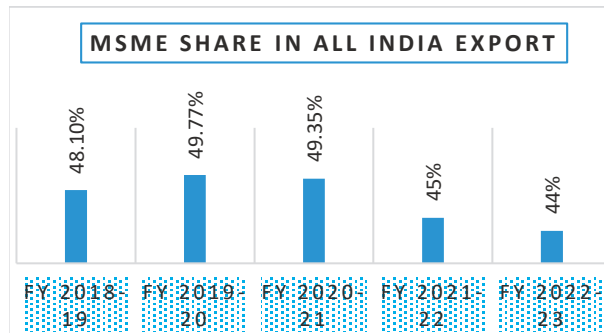


Source: MMSE Press Publication, PIB Delhi

It observed that even during pandemic (COVID-19) period, contribution of MSMEs to the GDP is not far below than the national average.

### E. Share of MSMEs in all India Export:

MSMEs presence towards contribution to the all India export. They share about 50% of the total export of INDIA and helping to bridge the EXIM gap. Following are the share of MSMEs in all India export (last 5 years trend):



Source: MMSE Press Publication, PIB Delhi

### F. MSME and Employment:

“More MSMEs More Employment”, there is direct relation between the MSMEs and Employment. Looking at the skill set of the people of India in the field of art and craft, they have the high percentage of deployment under MSME. From the data the sectoral distribution of employment by the MSMEs is more on Trade and Other Services than Manufacturing as extracted below;



Source: Audit Report 2022-23, MSME India.

Apart, the MSMEs of India are generating more employment opportunity that helps to build a strong economic health of the country. With the increase in MSMEs, Employment will increase and vice-versa and will have cascading impact on the Per Capita Income of the Country.

As per the all report of sixth economic census MSME report, about 108.41 million employed in non-agricultural sector and 22.88 million employed in agricultural sector. Maximum employment potential in ‘livestock’ with 19.42 million, ‘Manufacturing’ with 30.36 Million, ‘Retail Trade’ with 27.19 million and ‘Education’ with 10.60 million and workers constituting 84.86% of the total employment in the agricultural sector.

As on date, there are total of 2,44,15,144 nos. of MSMEs which have been registered in the UDYAM registration site maintained by the Ministry of MSME, India. It is observed that out of the total Udyam registration, nearly 97% are the Micro, 2.5% are the Small and 0.5% are the Medium category. Hence, the focus of the Govt. is required more towards making Small and Medium Units along with the Micro Units.

There are around 73.14 million persons (55.71%) working in establishments with at least one hired worker in the country and the rest 58.15 million (44.29%) persons are working in own account establishments.

### G. MSME and Start-up:

Govt. of India is encouraging the young talent with business idea to launch their own Start-ups. The initiatives taken by the Govt. of India has fuelled to grow Start-ups in diverse sectors ranging from Agriculture to Space Tech. They are also in the field of Robotics, Artificial Intelligence and Green Energy (Net-Zero) sector.

About 1.14 lakhs Start-ups are recognised by the Department of Promotion of Industry and International Trade (DPIIT). Out of them, about 112 Start-ups emerged as Unicorns. The growth of the Start-ups increased @15% YoY basis. The participation of woman in start-ups are nearly 20% of the total Start-ups. They created nearly 40000 new jobs every year. (Source Start-up India site).

### MSME SCHEME(S)

The Govt. is constantly putting efforts towards building a solid platform and environment with the launch of many schemes and policy statements. These schemes meant for all section of the MSMEs to boost up the sector at large. There are few schemes which has been highlighted below which has been influencing the growth of the MSMEs, Employment and Economy.

- **PMEGP:** Prime Minister’s Employment Generation Programme: Promoting financial assistance to set up self-employment ventures and to generate employment opportunities in rural as well as urban areas.
- **CGTMSE:** Credit Guarantee Scheme for Micro & Small Enterprises: To encourage first generation entrepreneurs to venture into self-employment opportunities.
- **MSE-CDP:** Micro & Small Enterprises Cluster Development Programme: To create/upgrade infrastructural facilities in the new/ existing Industrial Areas/Clusters of MSEs.

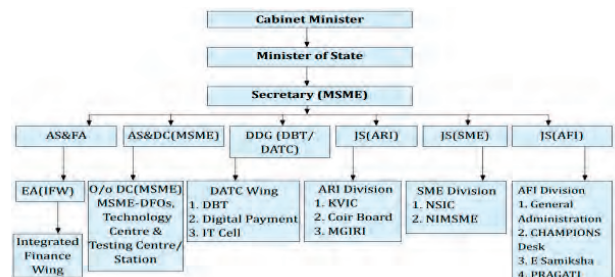


- **SFURTI:** Scheme of Fund for Regeneration of Traditional Industries: To promote traditional sectors and increase income of artisans providing sustainable employment.
- **ESDP:** Entrepreneurship and Skill Development Programme: To promote new enterprises, capacity building of existing MSMEs and inculcating entrepreneurial culture in the country.
- **ATI:** Assistance to Training Institutions: The assistance is provided to National level training institutions operating under the Ministry of MSME
- **PMS:** Procurement and Marketing Support: to promote new market access initiatives like organizing / participation in National / International Trade Fairs / Exhibitions / MSME Expo, etc.
- **ASPIRE:** A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship: To set up a network of Livelihood Business Incubators (LBIs), predominantly in the rural and underserved areas, to promote innovation and accelerate entrepreneurship
- **MSME Champion:** 1). MSME-Sustainable (ZED), 2). MSME-Innovative (for Incubation, IPR, Design), 3). MSME-Competitive (Lean) and 4). Digital MSME.
- **SRI:** Self Reliant India: Funds for empowering MSMEs for Aatmanirbhar Bharat.
- **RAMP:** Raising and Accelerating MSME Performance: RAMP is a World Bank supported Central Sector Scheme aimed at improving access of MSMEs to market, finance and technology upgradation by enhancing the outreach of existing MoMSME schemes.

*Source: MSME web portal.*

## MSME REGULATORY BODY

The regulatory body is responsible for framing and monitoring the policies, rules and regulation framed from time to time for overall growth of the MSMEs in India.



*Source: Annual Report 2022-23 MSME India.*

## MSME GRIEVANCE MONITORING

- **MSME Samadhaan:** Address delayed Payment Monitoring and dispute resolution body of the MSMEs.

## MSME SUPPORT

In order to safe guard the interest of the MSMEs, Govt. has framed support system policy, outlined as under;

- **Public Procurement Policy:** i. Mandatory for public sector companies to procure 25%, ii. Special provision of 3% procurement for women entrepreneurs iii. Exemption of Security money etc.
- **MSME Sambandh:** To monitor the procurement by Central Government Ministries, Departments and CPSEs.
- **Stressed MSMEs.:** Rs 20,000 crores Subordinate Debt for Stressed MSMEs.
- **Fund of Funds:** Rs 50,000 cr. Equity infusion for MSMEs through Self Reliant India Fund (Fund of Funds);
- **ECLGS/GECL:** Emergency Credit Line Guaranteed Scheme (ECLGS) / Guaranteed Emergency Credit Line (GECL).

## MSME INNOVATIVE-THE SUCCESS STORY

- **MSME-Innovative (Incubation):** To promote & support untapped creativity of individual and to promote adoption of latest technologies in manufacturing as well as knowledge based innovative MSMEs.
- **MSME-Innovative (Design):** To bring Indian manufacturing sector and Design expertise/ Design fraternity on to a common platform.
- **MSME-Innovative (IPR):** To improve the Intellectual property (IP) culture in India.
- **MSME-Innovative (Digital):** The objective of the “Digital MSME” Scheme is to bring in digitization and digitalization.
- **MSME-Innovative (SME-Exchange):** Accumulation of funds from the open market and trading of shares.

## THE GAP

The Govt. has been continuously putting efforts towards development of a robust platform for Indian MSMEs. They are growing at a faster pace to contribute heavily for the growth of the Indian Economy. Albeit, there are few bottleneck being faced by the MSMEs of India which needs to be looked into. They are primarily in the following areas;

- **Building Entrepreneurship Culture:** 1. Geographical- The MSME culture should not only be confined to more on Metro -City, Urban & Semi Urban, but they should be extended to Village/ Rural. 2. Educational: Learning from the school level to higher level.

- **Focused Policy:** There is a need for a state-wise focused policy based on the core-competency and competitiveness of the State(s) in India instead of Pan India plan & policy. Accordingly, physical infrastructure like Clusters, Economic Corridor and SEZs is required to facilitate the local MSMEs.
- **360-degree support system:** A complete single window facilitation system, which will resolve the issues from beginning to end (end-to-end solution).
- **Risk coverage:** Feel good factor i.e. favourable economic environment (interest rates, financial support system, inflation and exchange rate fluctuation etc.) which has bearing on the growth of the MSMEs.
- **Up-stream Industries:** Large manufacturing units, who has potential for creation of many downstream/ ancillary units, which will attract
- **NANO-UNICORNS:** Micro level plan (Panchayat wise) focus and support towards creation of Micro units through Self Help Groups (SHGs).
- **Farmer as Micro entity:** Group of farmers (at least five) joined together in a village to be allowed to formulate micro entity for the purpose of availing MSME policy benefits and to outreach the MMSE growth.

## CONCLUSION

The visionary policy of the Govt. of India adding fuels in making MSMEs as the rider of the country's economy. With the promulgation of the policies, procedure and schemes, the MSMEs of India are flourishing day by day. Their presence has been felt in Tier-2 and Tier-3 Cities than Tier-I cities. India is seeing a growth oriented trend of the MSMEs as they are growing at a pace higher than the target. These MSMEs has enormous potential to accommodate employment, bridge the economic trade-off of the country. It is worth, to have many MSMEs than few large industries, as their presence can be seen everywhere and all sections. Looking at the growth graph of the MSMEs, they are in the growing stage of the industry life cycle. Year 2024 is a perfect launch pad platform of the MSMEs in India, so that the MSMEs could contribute to the GDP largely in pursuit of achievement the target set for 2047.

However, there are milestones to achieve, to be at the mature stage of the MSMEs life cycle.

It concludes that MSMEs have a cascading effect to the growth of the economy and key contributor in mapping with the Sustainable Development Goal 'SDG' index, thus, MSMEs act as a Catalyst in “VIKSIT BHARAT”.

