





MSME : An Overview

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INTRODUCTION

- Micro, Small & Medium Enterprises (MSMEs) are the bedrock of India's economy, contributing upwards of 30% to the country's GDP and employing 130Mn+ people.
- Contributing 40% in manufacturing output & 45% in Exports.
- They have emerged as dynamic and vibrant sector of economy.

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The enterprise is regarded as **BACKBONE** of industrial development.

They are the nursery for entrepreneurship and innovations.



objectives

01 To understand the concept of MSME

02 To study the growth and development of MSME in rural and urban areas

03 To know the programmes implemented by Ministry of MSME

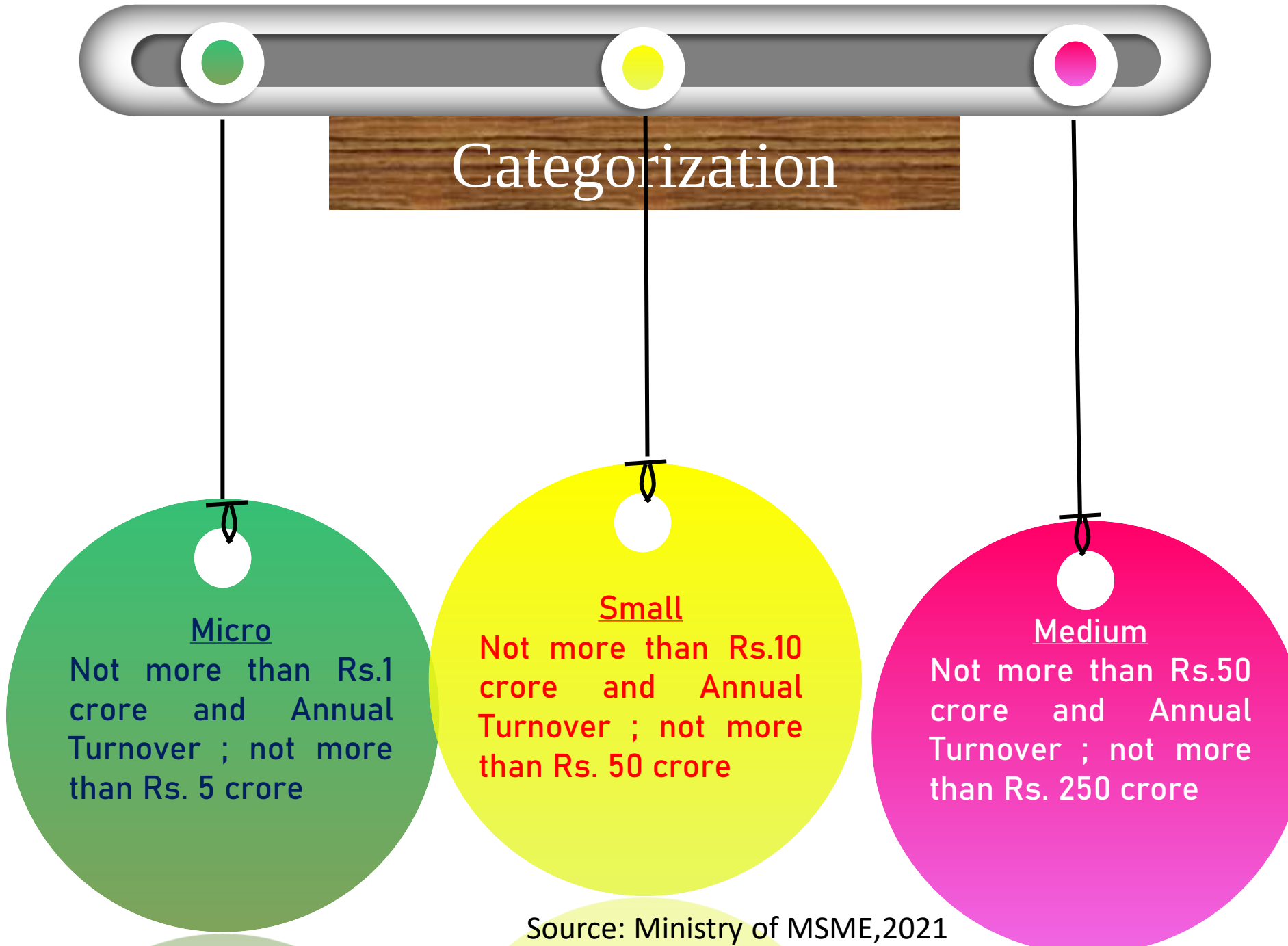
04 To review case studies related to MSME

1. To understand the concept of MSME

Concept of MSME

In February, 2018, the Union Cabinet chaired by the Prime Minister **Shri Narendra Modi** has approved changes in the definition of the MSMEs.

Now, MSMEs will be defined on the basis of ‘annual turnover’ instead of earlier definition of investment in plant & machinery/equipment.



Categorization

Micro

Not more than Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore

Small

Not more than Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore

Medium

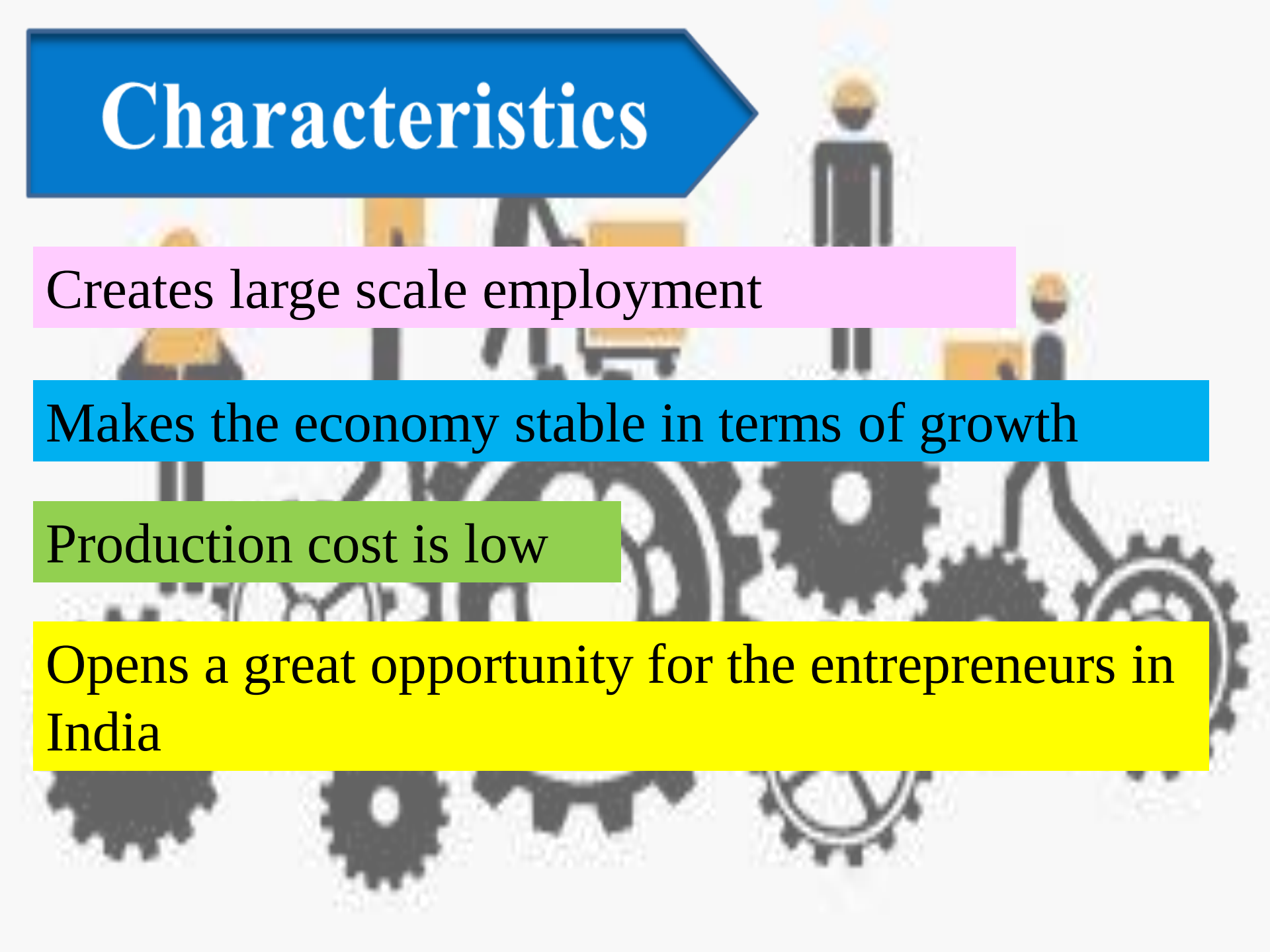
Not more than Rs.50 crore and Annual Turnover ; not more than Rs. 250 crore

Source: Ministry of MSME, 2021

OBJECTIVE of MSME

- **To create immediate employment opportunities**
- **To make small industries export oriented**
- **To encourage growth in village and small towns**
- **To remove economic backwardness**
- **To provide steady source of income to the low income group**

Characteristics

The background of the slide features a light gray background with a pattern of stylized human figures and interlocking gears. The figures are depicted in a simple, blocky style, some standing and some pushing a cart. The gears are of various sizes and are arranged in a way that suggests a mechanical or industrial theme.

Creates large scale employment

Makes the economy stable in terms of growth

Production cost is low

Opens a great opportunity for the entrepreneurs in India

Scope of MSME

- **Less capital intensive**
- **Effective tool for promotion of balanced regional development**
- **It is extensively promoted and supported by the Government**
- **Finance and subsidies are provided by the government**
- **Produced goods are purchased by the Government**

Benefits of MSME under the MSMED Act, 2006

Preference in procuring Government tenders

Protection against the delay in payment from Buyers

Right of interest on delayed payment

Time-bound resolution of disputes with Buyers through arbitration

सत्यमेव जयते

OUR STRENGTH • हमारी शक्ति

Challenges faced by MSME

- **Absence of adequate and timely banking finance**
- **Limited capital and knowledge, non-availability of suitable technology**
- **Low production capacity**
- **High cost of credit**
- **Ineffective marketing strategy**
- **Lack of skilled man power for manufacturing, services, marketing etc.**

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- **Lack of access to global markets.**
- **Constraints on modernization of expansion.**
- **Problems of storage, designing, packing and product display.**
- **In adequate infrastructure facilities, including power, water, roads.**

2. To study the growth and development of MSME in rural and urban areas.

Growth and development

Based on **Ghandhi model**

- Industrial policy resolution 1948
- High priority to small and medium enterprises
- MSME has remained mostly small & technologically backward
- Industrial policy(1991)
- This reflected the growth of SSI's
- In 1991 the growth rate of SSI was almost 3 times of the total industrial sector from 1992 to 1995.

History

- Clusters of micro, small and medium enterprises (MSMEs) are found in abundance across the globe more than 9 years ago
- The Foundation for MSME Clusters (FMC) was conceptualized to contribute towards this process of cluster based development of MSMEs
- The United Nations Industrial Development Organisation (UNIDO) conceptualized and initiated the process of creating the Foundation for MSME Clusters (FMC)
- The Foundation for MSME (FMC) was supported by Ministry of Small Scale Industries (SSI), UNIDO & Entrepreneurship Development of India and was legally constituted in 2005

Contd..

- The Ministry of Small Scale Industries and Agro and Rural Industries (SSI&ARI) was created in October 1999. In September 2001, the ministry was split into the Ministry of Small Scale Industries (SSI) and the Ministry of Agro and Rural Industries (ARI)
- The President of India amended the Government of India (Allocation of Business) Rules, 1961, under the notification dated 9 May 2007. Pursuant to this amendment, the ARI and SSI were merged into a single ministry, the current MSME

Distribution of Enterprises Category Wise

(Numbers in lakh)

Sector	Micro	Small	Medium	Total	Share (%)
(1)	(2)	(3)	(4)	(5)	(6)
Rural	324.09	0.78	0.01	324.88	51
Urban	306.43	2.53	0.04	309.00	49
All	630.52	3.31	0.05	633.88	100

Estimated Number of MSMEs (Activity Wise)

Activity Category	Estimated Number of Enterprises (in lakh)			Share (%)
	Rural	Urban	Total	
Manufacturing	114.14	82.50	196.65	31
Trade	108.71	121.64	230.35	36
Other Services	102.00	104.85	206.85	33
All	324.88	309.00	633.88	100

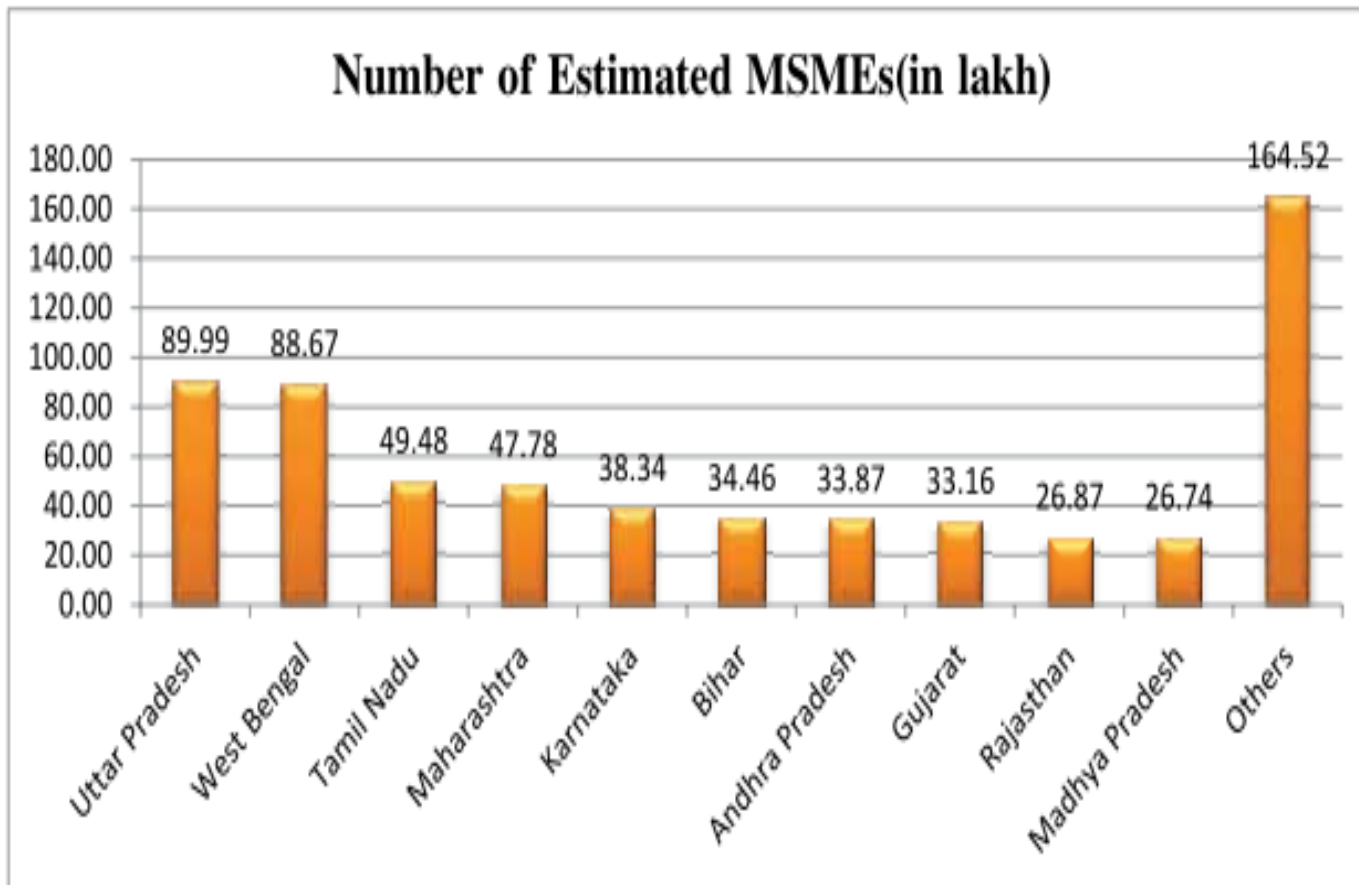
Estimated Employment in the MSME Sector (Activity Wise)

Broad Activity Category	Employment (in lakh)			Share (%)
	Rural	Urban	Total	
(1)	(2)	(3)	(4)	(5)
Manufacturing	186.56	173.86	360.41	32
Electricity*	0.06	0.02	0.07	-
Trade	160.64	226.54	387.18	35
Other Services	150.53	211.69	362.22	33
All	497.78	612.10	1109.89	100

Percentage Distribution of Enterprises in rural and urban areas. ((Male/ Female ownership) category wise)

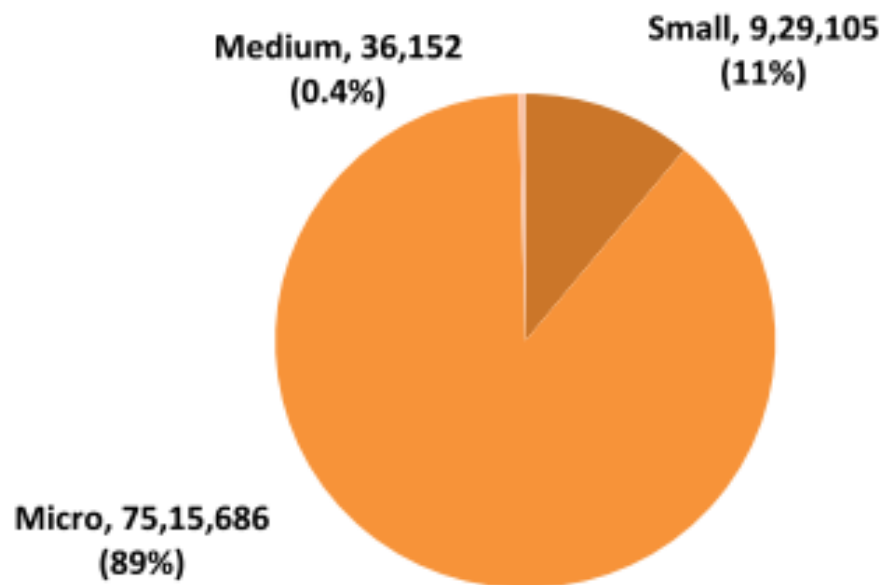
Sector	Male	Female	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
All	79.63	20.37	100

Distribution of MSMEs in Top Ten States



Annual report of MSME,2021

Distribution of Micro, Small and Medium Enterprises as per UAM filings





Major Schemes implemented by Ministry of MSME



1.Khadi and Village Industries Commission (KVIC)

- ❖ Established under the Khadi and Village Industries Commission Act, 1956
- ❖ It is a Statutory Organization under the ministry of **MSME**.
- ❖ It is responsible for the **planning**, **promotion**, **organizing** and implementation of programmes for the development of Khadi and Village Industries in the country.
- ❖ Established in **1957**, it took over the work of the former All India Khadi and Village Industries Board(KVIB)

OBJECTIVE of KVIC:

- ❑ The social objective of providing employment in rural areas**
- ❑ The economic objective of producing saleable articles**
- ❑ The wider objective of creating self-reliance amongst people and building up a strong rural community spirit.**

Khadi Sector : Employment

(Artisan in Lakh)

Year	Employment
2017 - 18 #	4.65
2018 - 19 #	4.96
2019 - 20 #	4.97
2020 - 21 #	4.97
2021 - 22 (up to 31 - 12 - 2021) #	4.97
2021 - 22 (Projected up to 31 - 03 - 2022) #	4.97

@ Including Polyvastra # Including Polyvastra & Solarvastra

2.Prime Minister's Employment Generation Programme (PMEGP)

- **PMEGP** is a credit linked subsidy scheme to generate employment opportunities in rural as well as urban areas of the country, in non-farm sector, through setting up of new self-employment ventures/micro enterprise.
- The Scheme is implemented by **Khadi and Village Industries Commission (KVIC)**, as the nodal agency at the National level.

PMEGP

OBJECTIVES of PMEGP:

- To generate continuous and sustainable employment opportunities in Rural and Urban areas of the country
- To provide continuous and sustainable employment to a large segment of traditional and prospective artisans, rural and urban unemployed youth in the country through setting up of micro enterprises.
- To facilitate participation of financial institutions for higher credit flow to micro sector.

Salient features of the PMEGP

- In Urban and Rural areas in ratio of **30:30:40** between **KVIC / KVIB / DIC** respectively.
- Per capita investment should not exceed Rs. 1.00 lakhs in plain areas and Rs. 1.50 lakhs in Hilly areas.
- Maximum project cost of Rs. 25.00 lakhs in manufacturing sector and Rs. 10.00 lakhs in Service Sector.

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- Margin money subsidy varies from **15 to 35%** for different categories.
- Scheme is available for setting up of new units only. Since inception in 2010-11 and up to 31.12.2021, a total of about **5.7 lakh micro enterprises** have been assisted with a margin money subsidy of Rs 13,033.3 crore providing employment to an estimated 47 lakh persons.

PMEGP performance during last **three** years and current year:

Year	Margin Money Disbursed (Rs. Crore)	Micro Units Assisted (Number)	Estimated Employment Generated (Number)
2018-19	2070.00	73,427	5,87,416
2019-20	1950.82	66,653	5,33,224
2020-21	2188.80	74,415	5,95,320
2021-22*	1633.48	52,994	4,23,952

2.Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

- It is Cluster-based scheme of Govt. of India.
- Govt. of India has launched the Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
- To make the Traditional Industries more productive, profitable and capable for generating sustained employment for traditional industry Artisans and subsequently empower and convert them as self-governing entrepreneurs
- Under this scheme from the year 2015 to 30th November 2021
- 434 clusters have been approved with GoI grant worth Rs. 1106 crore that will benefit about 2.50 lakh artisans.

4. A Scheme for promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)

Objective:

- (i) Create new jobs and reduce unemployment
- (ii) Promote entrepreneurship culture in India
- (iii) Boost Grassroots economic development at district level
- (iv) Facilitate innovative business solution for un-met social needs, and
- (v) Promote innovation to further strengthen the competitiveness of the MSME sector.

Activities covered

- i) Create a database of technologies available with various Government/ private agencies and setup a Network of Technology Centres for sharing of best practices and experiences.
- ii) Develop the required skilled Human Resources necessary for mentoring and handholding the incubates.

Contd.

iii) Incubation and Commercialisation of Business Ideas
Programme through technical/research institutes, Ministries of
GOI and Private incubators.

iv) Set up Livelihood Business Incubators (LBI) under National
Small Industries Corporation (NSIC), KMC or Coir Board or any
other Institution/agency of GOI/State Govt.

5. Scheme for Micro & Small Enterprises Cluster Development Programme (MSE -CDP)

The Ministry has adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country.

Objectives of the Scheme:

- i) To support the sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access, access to capital etc.
- ii) To build capacity of MSEs for common supportive action through formation of self-help groups, consortia, upgradation of association etc.

Status OF MSE-CDP.

- 76 Common Facility Centres and
- 169 Infrastructure Development Project have been commissioned so far.

6. Credit Linked Capital Subsidy Scheme(CLCSS)

- The Scheme has been re-launched by Hon'ble Minister of MSME on 05th September 2019.
- The objective of CLCS is to facilitate technology to MSEs through institutional finance for well established and proven technologies
- 15% on institutional credit up to Rs. 1.0 crore

The Credit Guarantee Trust Fund for MSEs (CGTMSE).

- Launched by ministry of MSME & SIDBI,
- Year: 2000
- **Objective** – To make available collateral-free MSE through banks and financial institutions
- **STATUS:** As on 31st December, 2021, cumulatively 56.03 lakh proposals have been approved for guarantee cover of Rs. 2.90 lakh crores



Coir Board Schemes

Coir Board is a statutory body established under the Coir Industry Act, 1953 for promoting the overall development of the coir industry and improvement of the living conditions of the workers engaged in this traditional industry.

Objective:

The Coir Board is tasked with promoting the overall development of the coir industry and improvement of the living conditions of the workers engaged in this traditional industry.

7.Coir Vikas Yojana (CVY)

The activities are in the areas of

- (i) Modernization of production processes,
- (ii) Development of machinery and equipment,
- (iii) Product development and diversification,
- (iv) Development of environment friendly technologies, technology transfer, incubation, testing and service facilities, etc.

8. Mahila Coir Yojana



- Mahila Coir Yojana is a women oriented, self-employment scheme being implemented by Coir Board.
- The scheme envisages imparting training with stipend to women artisans on coir technology and scale up the skill of women coir workers.
- The trained women artisans will be provided financial assistance for procurement of machinery/equipment under the **Prime Minister's Employment Generation Programme (PMEGP)** with necessary handholding support by the Coir Board through its field offices.

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- The financial assistance for procurement of machinery/equipment can be obtained under **PMEGP** scheme for setting up of new coir units for which the maximum project cost is Rs.25 Lakhs.
- During the year 2020-21, the Board has imparted training to **1416 Coir units**

9. Coir Udyami Yojana (CUY)



This is a credit linked subsidy scheme for setting up of coir units with project cost upto Rs.10 lakhs plus one cycle of working capital, which shall not exceed 25% of the project cost.

Nature of assistance

1. Beneficiary's contribution 5% of the project cost
2. Bank credit 55%.
3. Rate of Subsidy 40% of the project

During the year 2020-21, the Board has released an amount of Rs. **173.89** lakhs to General category to the financing banks for assisting **76** coir units

10.Aatma Nrbhar Bharat Abhiyan

It was launched on 12th May 2020.

The Prime Minister has announced a Rs. 20 lakh crore economic package under the '**AatmaNrbhar Bharat Abhiyaan**', to aid our country out of the Coronavirus crisis (by making us self-reliant).



Contd..

- Five pillars —
 - ✓ Economy
 - ✓ Infrastructure
 - ✓ Technology-driven system
 - ✓ Vibrant demography and
 - ✓ demand to make India Atmanirbhar (Self-reliant).
- The Government boost to MSMEs is through the emphasis on using local products to boost the businesses of local manufacturers and retailers

Incentives Announced in Atmanirbhar Package for MSME

- Government will facilitate provision of Rs. 20,000 crore subordinate debt to NPA or stressed MSMEs.
- Govt. would further provide support of Rs. 4000 crore to CGTMSE who in turn will provide partial Credit guarantee support to the bank.
- **e-market** linkage for MSMEs to be promoted to act as a replacement for trade fairs and exhibitions.

11.Udyam Registration



The image shows a Udyog Aadhaar Acknowledgement Certificate. At the top, it features the Government of India logo and the Ministry of Micro, Small & Medium Enterprises (MSME). Below this is a banner with the text 'उद्योग आधार' (Udyog Aadhaar) and 'Udyog Aadhaar MSME'. The main body of the certificate contains a table with the following information:

Type of Enterprise	Micro	Small	Medium
Manufacturing	A	B	C
Services	D	E	F
UAN	UP27D0002849		

Below the table, the text 'Udyog Aadhaar Acknowledgement' is followed by the following details:

Udyog Aadhaar Number: UP27D0002849
Name of Enterprise: AMIT INTERNATIONAL IMPACT FACTOR JOURNALS WWW.AMITDELIBERATIVERESEARCH.COM
Postal Address: 439 INDRA COLONY STREET NO 4 REPURA ROAD FIROZABAD
District: FIROZABAD State: UTTAR PRADESH PIN:
Mobile No: 9837208441 Email: dr.amit0190@gmail.com
Date of commencement: 01/01/2009
Previous Registration details-if any: EM-1 : UP27D0000591
Acknowledgement Date of Filing: 29/08/2016 Date of Printing: 29/08/2016
Disclaimer: This is computer generated statement, no signature required.
Printed from udyogaadhaar.gov.in
MyMeme Mobile App (Beta Version) is available now for download: <https://play.google.com/store/apps/details?id=com.meme.mymeme>

- With effect from **1st July 2020**, the process of registration of Udyog Aadhar is known as **Udyam Registration**.
- Udyog Aadhar is a government registration provided with a recognition certificate known as **Udyog Aadhar Certificate**.

Benefits of Udyam registration

- It Helps businesses to apply for numerous services which are offered by the Government
- Provides identity without a fee to the concerned business as an MSME unit.
- Provides a platform for resolving problems such as delay in receiving outstanding payments.
- MSME's can get subsidy/concessions in electricity bills, interest rates on bank loans, trademark registration fees, etc.

Udyam Registration process





Case study

1.Role of MSMEs in Growth and Development of Indian Economy

Gola *et al.*(2019)

A Study of Meerut District in Uttar Pradesh

Objective:

The primary objective of the paper is to investigate the Role of MSMEs in Growth and Development of Indian Economy

Methodology:

Research is based upon primary and secondary data.

80 officials responded by the MSMEs and it was taken as the sample for this study.

Analysis of Employment Generation for Skilled and Unskilled Worker in Meerut

Year	Skilled	Year	Unskilled
2012-13	4908	2012-13	3914
2013-14	5643	2013-14	4639
2014-15	6848	2014-15	5012
2015-16	7217	2015-16	6381
2016-17	8551	2016-17	7716

Implication

In the last five year there has been an increasing number of skilled and unskilled labour that are being employed by SMEs, which is a positive indicator to the growth and development of SMEs sectors in India.



Case Study of Successful Entrepreneurs

**Kalinga Institute of Industrial Technology,
Bhubaneswar(2015)**

1.A case study of Bishwas



- ✓ **Problem:** Unemployed and couldn't earn for livelihood. Getting rejected at all the job and lost all hopes of life
- ✓ He received month long training in Assisted Training Institution (ATI) by (NI-MSME), Hyderabad, followed by active handholding support from Kalinga Institute of Industrial Technology (KIIT),
- ✓ **Training:** He was counselled and enrolled into Training on Motor & Transformer Rewinding (MOTR) under ESDP
- ✓ **Present status:** Established a workshop after training. Now he is well known in his locality for solving complex motor problems. Today, Bikash is earning Rs. 1,20,000/- per annum.

2.A case study on Bidyutprava Swain



- ✓ **Problem:** Managing five members in family with 2 children and one dependent brother. Giving good education to her children in future was her problem.
- ✓ **Training:** After discussion with the team members from KIIT, she has decided to undergo training on Fashion designing, having some idea of how to operate a sewing machine.
- ✓ **Present status:** As a proud owner of a small tailoring unit consisting of three machines, Bidyutprava Swain has the sparkle in her eyes. She is earning livelihood and also saving money for future higher studies of her children.



- **MSME's** are boon for reducing regional imbalances and a means to utilize the natural and abundant human resources available in India.
- It helps in generating employment opportunities in the rural areas with low capital, raising the real income of the people, contributing to the development of agriculture by reducing disguised unemployment, reducing poverty, migration, economic disparity, unemployment.
- Government should go for periodical appraisal of MSMEs development schemes and programmes in order to uplift rural areas.