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Seminar II
MSMEs: An Overview

Micro, Small, Medium Enterprises (MSMEs) are the strongest drivers of economic development, innovation and employment for the global economy. As per the data gathered by ICSB (International Council for Small Business), formal and informal MSMEs make up over 90 per cent of all firms and account for 70 per cent of total employment and 50 per cent of the world GDP. India has vast aggregates of about 6.33 crore MSMEs out of which 99.4 per cent are micro-enterprises. This sector contributes about 45 per cent to manufacturing output, more than 40 per cent of exports, over 28 per cent of the GDP while creating employment for about 111 million people. The value of MSME related products exported during 2020-21 reached \$124.4 billion. The recent National Manufacturing Policy envisaged raising the share of manufacturing sector in GDP from 16 per cent at present to 25 per cent by the end of 2022 (Gowtam, 2020). With this background, the present seminar has been conceptualized with the following objectives:

1. To understand the concept of MSME
2. To study the growth and development of MSME in rural and urban areas
3. To know the schemes implemented by ministry of MSME
4. To review case studies related to MSME

Concept of MSME

Micro, Small and Medium Enterprises are generally defined in terms of the investment in the plant, machinery and/or equipment, the number of people employed and annual turnover (Gowtam, 2020). Micro, Small and medium Enterprises (MSMEs) in India are heterogeneous in terms of size of the enterprises and variety of products and services, and levels of technology. The MSMEs are categorized into small, micro and medium levels according to the amount of investment, Scope of MSME, objective and characteristics of MSME.

The growth and development of MSME in rural and urban areas

During pre-liberalization, India amended the Industrial Policy Resolution (1948) defining the role of state in industrial development for the first time. At the same time, the country accorded high priority to small and medium enterprises. Despite numerous protection and policy measures, MSME still remained technologically backward leading to the establishment of Industrial Policy (1991) emphasizing the growth of Small Scale Industries (SSI). In 1991, the growth rate of SSI was almost three times of the total industrial sector from 1992 to 1995. During 2020-21, the MSMEs has contributed 26.83 per cent GDP in

country's economy with 36.90 per cent of Gross Value Added. There are 324 and 309 lakh enterprises MSMEs in rural and urban areas provided employment of 497 lakhs in rural and 612 lakhs in urban areas.

The major schemes implemented by Ministry of MSMEs:

- 1) Prime Ministers Employment Generation Programme
- 2) Scheme of Fund for Regeneration of Traditional Industries
- 3) Scheme for Promotion of Innovation Rural Industry and Entrepreneurship
- 4) Coir Board
- 5) Credit Guarantee trust fund for Micro and Small Enterprises
- 6) Credit Linked Capital Subsidy Scheme
- 7) Atmanirbhar Abhiyan
- 8) Udayam Adhar

Case studies

Gola *et al.* (2019) observed that during the last five years there has been an increase in the number of skilled and unskilled labour employed by SMEs in Meerut, which is a positive indicator to the growth and development of SMEs sectors in India.

Anonymous (2015) reported that Sri. Bishwas, received month long training in Assisted Training Institution (ATI) by National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad, followed by active handholding support from Kalinga Institute of Industrial Technology (KIIT), has helped him to establish a workshop. After a few days of starting his business, he is earning Rs. 1,20,000/- per annum.

Conclusion

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. Innovations, infusion of new technologies, skilled manpower and availability of finances in the MSMEs can transform the lives in the rural landscape of the country.

References

- ANONYMOUS, 2015. Case studies on Successful Entrepreneurs trained under MSMEs, KIIT, Bhubaneswar:3-4
- GOWTAM, H.R., 2020, MSMEs-The catalyst of Development. *Kurukshetra A Journal of Rural Development*, **68**(10):36
- GOLA, K. R., MRIDUL DHARWAL AND AGGARWAL P.K.,2019, Role of MSMEs in Growth and Development of Indian Economy- A Study of Meerut District in Uttar Pradesh. *International Journal of 360 Management Review*, **07**(01)