



## Micro, small and medium enterprises: An analytical review

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### Abstract

Micro, Small and Medium Enterprises (MSME) plays a major role in the economy of India. This sector boosts the socio-economic development of the nation. It accelerates the entrepreneurship in rural and backward areas of the country as well.

This paper discusses the concept of Micro, Small and Medium Enterprises (MSME) their importance, functions and latest updates by Government of India.

**Keywords:** MSME, COIR, PMEGP, CARG, R & D, IBEF

### Introduction

The Micro, Small and Medium Enterprises, better known as MSME are governed by Ministry of Micro, Small and Medium Enterprise, Government of India.

The objective behind introducing this industrial segment was to ensure, sustainable development of globally competitive MSME as an engine of growth for the Indian Economy.

To elaborate further, a brief insight is given regarding what is MSME actually?

Basically the MSMEs are broadly classified in two categories namely:

- Manufacturing enterprise and
- Enterprise rendering services

**Table 1:** The tabular representation defines further:

Classification	Micro	Small	Medium
Manufacturing Enterprise and Enterprise rendering services	Instrument in Plant and Machinery or Equipment: Not more than Rs. 1 crore and annual turnover not more than 5 Crores.	Instrument in Plant and Machinery or Equipment: Not more than Rs. 10 crore and annual turnover not more than 50 Crores.	Instrument in Plant and Machinery or Equipment: Not more than Rs. 50 crore and annual turnover not more than Rs. 250 Crores.

As per the mission statement of MSME Ministry: the focus is to Promote Growth and development of Micro, Small and Medium Enterprise including KHADI, VILLAGE AND COIR\* Industries so as to create new enterprise and more opportunities.

Major thrust of the Ministry of MSME is to enhance manufacturing base in the country by improving performance of MSMEs through skill and entrepreneurship.

The key functions of Ministry of MSME are:-

- Facilitation and credit flow to MSMEs
- Improving competitiveness of MSMEs
- Improving manufacturing base through upgradation of technology.
- Promotion of MSMEs through cluster base approach
- Marketing support to MSMEs
- Skill development and entrepreneurship development training
- Creation of New Micro Enterprise through PMEGP
- Growth and development of Khadi and village industries.
- Growth and development of COIR industry.

MSME Industry in India: An Update

Overviewing of the MSME sector reveals that:

- The number of MSMEs in India has increased by a CAGR of 18.5% from 2019 to 2020.
- In Financial Year 2021, the loan disbursements to MSMEs stood at Rs. 9.5 Trillion (US \$128.06 billion), 40% increase compared with Rs. 6.8 trillion (US \$ 91.6 billion) in Financial Year 2020.

It also states regarding the Government Scheme relating to MSMEs where, in Union Budget 2021, the government has announced funds worth Rs. 10000 crores (US \$1.36 billion) for Guarantee Emergency Credit Line (GECL) a facility for eligible MSME borrowers giving a major boost to the sector.

As per latest information. In July 2021, the Indian Government announced inclusion of retail and wholesale trades as MSMEs to strengthen the sector and boost economic growth.

Also the Budget allocation for MSMEs in Financial Year 2022 has more than doubled to Rs. 15700 crores (US \$ 2.14 billion) vis-à-vis Rs. 7572 crores (US \$ 1.3 billion) in Financial Year 2021.

The MSMEs sector is backed up by many policies designed by Government which are:

- In July 2021 Lok Sabha passed a bill on Factory Regulation (amended -2) to expedite payment ecosystem for MSMEs.
- As per announcement in June 2021, only PAN Card and Aadhar Card will be required for registration of MSMEs.
- The Government has already announced Rs. 3 Lac Crores (US \$ 40.85 Billion), collateral free automate loan for business.

### **The milestones to be achieved**

The India Government is targeting to double the Indian Economy to US \$ 5 Trillion in 5 Years and in order to achieve that goal, career opportunities for young population has been generated and MSMEs are believed to be key employment generation.

### **Conclusion and Suggestions**

To achieve all this, the Government has to strengthen the back end services so that the performance of MSMEs could be improved.

Globally available Research and Development (R&D) latest technologies could be offered on subsidised cost by the Government to MSMEs.

Further an important role has to be played by academic institutions to create innovative research and development.

### **Keywords and Abbreviation**

MSME = Micro, Small and Medium Enterprises

COIR: The Coir Board is statutory body established by Government of India, under the Coir Industry Act 1953 (No. 45 of 1953) for the programme and development of the COIR (Coconut Fibre) Industry in India.

PMEGP = Prime Minister's Employment Generation Programme. CARG = Compound Annual Growth Rate

R & D = Research and Development

I B E F = India Board Equity Foundation.

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