

Performance of MSME in Indian Economy

Over the last six decades, MSME has evolved into a vibrant sector of the Indian economy. It not only assists to industrialize rural and underdeveloped areas but also reduces regional disparities. They assure that national revenue and wealth are distributed more equitably. They also contribute to the creation of a large number of jobs at a lesser cost than large corporations. Apart from it, these MSMEs function as ancillary units for big businesses and contribute considerably to the country's socio-economic progress. The Ministry of Micro, Small, and Medium Enterprises (M/o MSME) anticipates a thriving MSME sector by accelerating economic development, providing assistance to existing businesses, and encouraging the creation of new business in association with relevant Ministries/Departments, State Governments, and other stakeholders. They are the supporters of India's traditional and historic industries, such as agriculture and natural medicine, and therapeutic products and services, to flourish and expand their global markets. They play a vital role in manufacturing and service sectors like packing, food, beverages, etc., as they comprise a large component of the economy's secondary and tertiary sectors.

According to the MSMEs annual report for 2020, they contribute 6% and 24% of the GDP in the manufacturing and service sector respectively. In India, both registered and unregistered MSMEs cross 63 million and contribute nearly 40 percent of national income. It endeavours social responsibility by creating employment for over 110 million rural and underprivileged areas to eradicate regional disparities. To increase the export potential of MSMEs, Special Economic Zones and Export Promotion Zone have been created. These enterprises encourage a new breed of entrepreneurs hailing across society who have the prospects to build globally competitive enterprises. For the sustainable development of MSMEs, credit facilities are easily accessible to enterprises along with priority being given to basic infrastructure facilities, and efforts are made to develop the competency of human resources. At present the MSMEs are contributing 30 per cent of the total national income. Since 1960, India's MSME sector has risen drastically, with an annual growth rate of 4.62 percent in terms of employment (currently employing 110 million). It not only creates jobs but also helps to prevent rural-urban migration by providing a stable source of employment for those living in rural areas. In comparison with mega industries owned by big companies, these MSMEs have helped to industrialize backward areas at a minimal cost of capital. This sector has made a significant contribution to the country's socio-economic growth as a complement to major industries.

To promote the export of Indian manufactured goods, the Government has introduced the Merchandise Exports from India Scheme (MEIS). For the encouragement of export, a reward will be given to MSMEs who participate in export. Due to the effort of the Government MSMEs take a 45% share in the total export of India. MSMEs performance in digitalisation is also commendable. There are currently 42.5 million MSMEs in India, with 43 percent of them using a variety of online platforms to sell and advertise their products and services. MSMEs operating in the most remote parts of the country can reach a national market with the help of online retail stores. At present, our country has about 700 million Smartphone users whose number has been increasing at the rate of 25 million per quarter. This gives MSMEs a huge opportunity to reach out to their clients directly, avoiding middlemen and marketing their products and services.