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## A Study Of Major Initiatives And Schemes For The Development Of Micro Small And Medium Enterprises (Msmes) In India

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**Abstract:** We know the fact that the founding fathers of the Republic of India, emphasized on a comprehensive plan for national building through boosting the small enterprises. Therefore, industrial sector was given a due priority and Indian economy rapidly changed day by day. Furthermore, with the hegemonic use of disruptive technologies, the role of Micro Small and Medium Enterprises (MSMEs) was identified and the government of India in Five Year plans realized employment aspiration of the people and provided them more and more employment. Therefore, most of the economist pointed out that MSMEs are the back bone the Indian economy. Furth more, in the wake of 21<sup>st</sup> centuries industrial sector attracted both domestic and foreign companies to invest in industrial sector. Likewise, after the formation of NDA government under the leadership of Sh. Narendra Modi, 'Make in India' program was initiated and some of the other old schemes were also amalgamated. Recently, the government of India has initiated many new schemes for the development of MSMEs in the country. Now it is vital to see deductively, such goals, and to sustain such grass-root level motivations. Hence, MSMEs can be spine for the current and future high development business by putting resources into the 'Make in India' drive which is thought to have a massive effect on business sector and employment pattern in the present economy scenario. The present research paper makes a review of new schemes for the development of MSMEs in India.

**Keywords:** Economic Development, Business Sector, MSMEs, Initiatives.

**Introduction:** It is a well-known fact that MSMEs have been acknowledged as the driving force of economic development and for advancing impartial turn of events in the perspective of Indian Economy in the recent years. Actually, MSMEs comprise a total of 90 percent of the total enterprises in most of the economies and engine of economic growth by generating the highest rate of employment. Therefore, these enterprises are known as the back bone of economic growth in India after the implementation of 'Make in India' program with 'zero defect and zero effect'. After this, it was hoped that MSMEs will be enable to make the development of both domestic and global markets. Here it also noteworthy to say that the 'Digital India Revolution' will also provide a great opportunity to promote the business efficiency of MSMEs. Moreover, Covid-19 deeply affected business sector

especially MSMEs in the changing global economic scenario. Now ICT sector played a vital role to revive and survive in the years of 2020 and 2021. Here it is equally important to say that MSMEs develops in all areas of agriculture, manufacturing and service sectors because overall GDP growth as well as employment generation depend on MSMEs development. It is said that MSMEs sector will bring the great social-economic change with 8.5 percent GDP growth by 2025 in Indian Economy. That is why; this segment of Indian economic has a great potential to emerge as a backbone for our economy and it will also act as an engine for economic growth in future

**Role of MSMEs:** Actually, MSMEs contribute around 6.11 percent of manufacturing GDP and 24.63 percent of GDP from service activity as well as 33.4 percent of India's manufacturing output. They have also been able to provide employment to around 120 million people and contribute about 45 percent of the overall exports from India. This sector has continuously maintained a growth rate of more than 10 percent.

The role of MSMEs in the economic and social development of India is well recognized. Nation is deeply grounded. According to the Report of the Working Group on MSMEs, Growth for twelfth Five Year Plan (2012-2017), this sector represents 45 percent of the business products and 40 percent of total exports of the country. This sector provides work to around 69 million people through 26 million enterprises all throughout the country. Today, more than 6, 000 products are being produced by the MSMEs in the country. Thus, we can point out that the MSMEs are playing a vital role to achieve the objectives of economic growth with equity and inclusion in the recent years.

**Major Initiatives & Schemes:** We know that the Small-Scale Sector (SSS) in India has much progressed from the production of simple consumer goods. The process of economic liberalization and market reforms has also exposed the working capacity of MSMEs in the domestic as well as Global level. The MSMEs sector in India is highly heterogeneous in terms of the size, variety of products and services produced. However, 94 percent of these enterprises is unregistered, therefore, they belong to unorganized sector. In spite of this, MSMEs sector has a high growth potential and performs a critical role in the manufacturing with low investment requirement. According to an estimate, the total number of these enterprises is 26 million and these provide employment to 69 million people. Keeping the above facts in view, the Government of India has initiated the enactment of the Micro Small and Medium Enterprises Development Act (MSMEDA), 2006. This sector has been reserved in the matter of products under Industries Development and Regulation Act, 1951, which is also one of the important policy measures for promoting this sector. Some rules of this Act have been amended on May 9, 2007 by the Government of India. Under this amendment, Ministry of Agro and Rural Industries and Ministry of Small-Scale Industries have been merged into a single Ministry, namely, 'Ministry of Micro, Small and Medium Enterprises'.

**Scheme of Fund for Regeneration of Traditional Industries (SFURTI):** The major goal of this scheme is to coordinate and organize with the traditional industries and artisans into clusters to make them competitive and provide full support for their long term sustainability, sustained employment, to enhance marketability of products, to equip tradition artisans with improved skills, to strengthen the

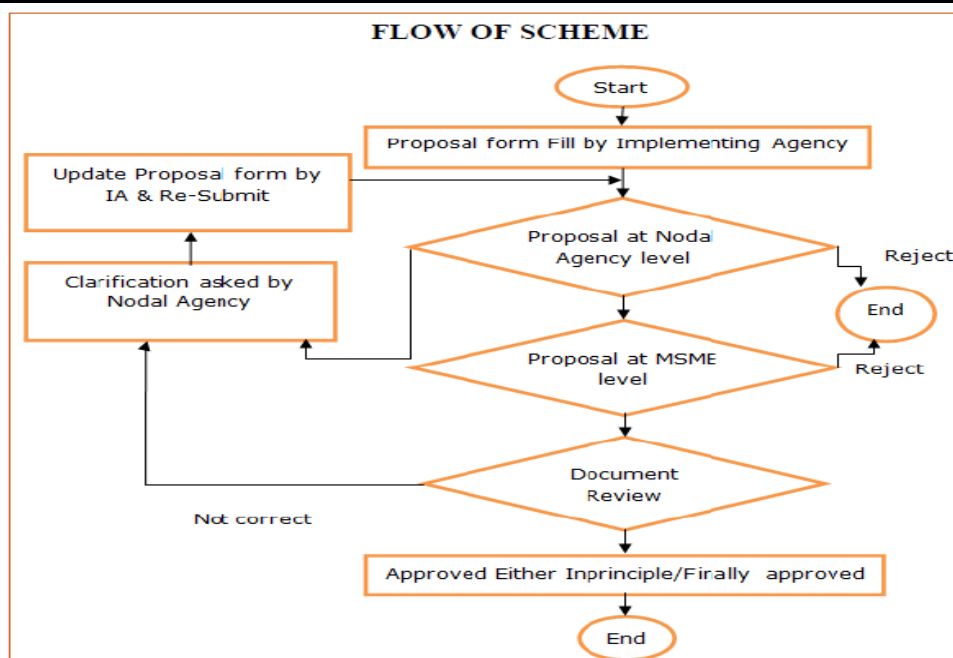
cluster system with the active participation of the state holders to build them up with the improved skills, advanced processes and new models of Public Private Partnership (PPP). Some of the achievements of this scheme are as under:

- The Revamped SFURTI scheme was begun on August 1, 2014 with an expense of Rs. 149.44 crore for developing 71 clusters with inclusion of around 44500 artisans in the main stage and its guidelines were further revised on June 30, 2015 to stream line the approval process and fund flow.
- It has some Nodal Agencies such as: KVIC, Coir Board, IIE Guwahati, NIMSME Hyderabad, NIESBUD Noida, all MSME DIs and all DICs of State Government.
- It has 71 clusters approved by Scheme Steering Committee and 32 DPRS with assistance of rupees 65.87 crore which has helped 30438 artisans.
- Its future objective for setting up of 800 clusters of Khadi, Village Industries and Coir with a cost of Rs. 850.00 crore to cover around 4 lakh artisans.

**Stand-Up India Scheme:** This scheme has been launched by the Prime Minister Shri Narendra Modi on April 05, 2016. The goal of this scheme is to facilitate bank loans between Rs. 10 lakhs to Rs. 100 lakhs to no less than one Scheduled Caste or Scheduled Tribe borrower and at least a woman borrower for every bank branch of all scheduled commercial banks for setting up a Greenfield enterprise. Actually, this scheme is based on recognition of the challenges faced by SC, ST and women entrepreneurs in setting up enterprises.

**Trade Related Entrepreneurship Assistance & Development Scheme (TREAD):** To encourage women entrepreneurship this scheme was launched during 11<sup>th</sup> five years plan which aims at the economic improvement of women through the development skills of women entrepreneur. The scheme has three components as under:

- The Government of India grant up to 30 percent of the total project cost to the Non-Government Organizations (NGOs) for promoting entrepreneurship among women.
- The Government of India grants up to Rs.1 lakh per program to training institutions or NGOs for imparting training to the women entrepreneurs.
- Under Need-based program, the Government of India grants up to Rs.5 lakh to National Entrepreneurship Development.



**MSMEs in Budget 2019-20:** When the Union Minister for Finance, Corporate Affairs, Railways and Coal, Shri Piyush Goyal introduced the Interim Budget 2019-20 in Parliament, the Government of India took many effective decisions to strengthen MSMEs. There are some basic provisions in the Union Budget 2018 for the Ministry of MSME are as under:

- 1) An all-time high distribution of Rs.7011.29 crore has been made in the Budget of 2019-20.
- 2) The flagship scheme for employment generation of the Ministry namely, Prime Minister Employment Generation Program (PMEGP) got an all-time high allocation of Rs. 2,327 crores.
- 3) This budget ensures seamless credit guarantee to MSMEs, Rs. 597 crores under the Credit Support Program.
- 4) It provides funding for the 2% interest rebate on incremental loan up to Rs.1 Crore for GST-enlisted MSME units, Rs. 350 crores have been given under Interest Subvention Scheme to Incremental Credit to MSMEs.
- 5) Under the recent declarations made on second November 2018, it ensures multiple initiatives for the MSMEs sector.
- 6) It provides provisions setting up clusters in the manufacturing and artisan sectors. For this purpose, a sum of Rs.450 crore has been allotted under SC-ST Hub.
- 7) Mission Solar Charkha has been launched in the current financial year with a budget of Rs.143 crores under the budget year 2019-20.

**Future Prospects:** Most of the scholars agree with the fact that a comprehensive approach has been laid down to strengthen MSMEs. As we know these are the backbone of Indian economy. That is why; for future growth of Indian economy and GDP growth, the share of MSMEs contribution would surely increase it up-to 15 percent by the year 2020. Today, the new wave of economic reforms will surely affect the MSMEs including and focused on new innovation and technologies by creating opportunities for the women entrepreneurs and will also develop skilled resources across the following opportunity areas as under:

- Make in India;
- Digital India;
- Export Contribution;
- Public Procurement Policy;
- Traditional and Heritage Industries;
- Infrastructure Development;
- Regulatory System;
- Funding for MSMEs;
- Performance Incentives and
- Skill India Programs.

**Conclusion:** Thus, we can conclude that the MSMEs opportunity for India is principally to foster business and backing development drove by advancement over the course of the following ten years by significantly expanding the portion of MSMEs commitment to GDP growth from the ongoing 8 percent to 15 percent by 2020. But, in spite of this, COVID-19 severely affected the efficiency of MSMEs and these employment generating enterprises remained unsuccessful. Now, we should remember that the negative effects of COVID-19 were temporary and after sometime working efficiency of MSMEs and employment generation responsibility remained successful in the recent years and this sector played a vital role for the employment of millions of people in the mean-time across the different parts of India.

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