



AN ANALYTICAL STUDY OF MSMEs CONTRIBUTION IN INCREASING THE COUNTRY'S GROWTH

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Abstract

Micro, small, and medium-sized businesses (MSMEs) are a moderate segment that exhibits great performance versatility and site mobility. In factory output, GDP growth, export revenues, job creation, infrastructure projects, etc political harmony, this segment significantly contributes to India's industrial prosperity. The goal of the current research was to gain insight into the operations of MSMEs as well as some of the issues they confront. Secondary sources from papers, publications, and many other public materials were used to complete the research relevant to the study. The study highlighted the role of MSMEs sectors which included both the regions rural and urban and their share of participation in different sectors. The study carried sector-wise contribution of both regions and enrolment in employment for growth of the Country. The study concluded that the MSMEs sector is contributing positively to the development of industries in India and also providing many opportunities for engaging persons in various small employments.

Keywords: *MSMEs, GDP growth, regional development, social stability, sector-wise*

Introduction

Micro, Small, and Medium-sized companies (MSMEs) dominate the key sectors that outsource jobs and contribute a great deal to the sectors of mechanical devices. MSMEs support huge organizations by going about as their assistant substances and essentially help the country's far reaching financial development. Since Fulfillment of freedom, MSME organizations have contributed essentially to the monetary development of the country as a leftover of something like the Gandhian philosophy. Policymakers, lawmakers, and additionally the scholarly people have all put adequate focus on the development of MSMEs, especially starting from the beginning of planning for populace improvement (Gupta, 2006; Banerjee, 2005). As per the authority arrangement, there actually are 630.52 lakh proprietors, 3.31 lakh neighborhood firms, and 0.05 medium-sized organizations in the country.

MSMEs are alluded to be the "Mainstay of something like the Country" in India since they represent practically 8% of the country's Gross domestic product, generally 45% of worldwide creation, and more than 40% of sending out. While MSMEs' singular commitments are unassuming, however collectively, they have been laid out as a huge power in worldwide economies, ceaselessly adding to terrific development throughout recent years. MSMEs give a wide measure of food things and tasks to address the issues of both neighborhood and worldwide business sectors, and through helping financial development, they make a significant commitment to the cultural and monetary development of the country. Accordingly, the review directed the examination to accentuate your commitment of MSMEs in the advancement of India to post extraordinary development continually.

Literature Review

Selvam Mari P. DR. (2021) assessed the effect of the little and medium scale undertakings and the association of MSME firms in remote and metropolitan areas while exploring the capability and accomplishments of MSME in India. The examination was directed utilizing principal information that was accumulated from yearly report and records, archives delivered, and furthermore the Public authority of MSME's website pages. As per the creator, in spite of the continuous plans throughout recent years to work proficiently, the cooperation of MSME has so far not risen. The examination reached the resolution that metropolitan regions have more trade than country regions do, and that orientation control fundamentally affects MSME advancement on medium-scale modern in metropolitan regions. At long last, the specialist suggested that the central government execute a viable arrangement and urge proficient development to work more brilliant, and give available credit to expand the commitment to financial development.

Mohanty Jyoti Jeeban (2018) concentrated on the status and execution of MSMEs with the mean to bring significant benefits, difficulties, and plans presented by the MSMEs area in India. The exploration underscored the commitment of something like the MSME area to the formation of open positions and improvement of expectations for everyday comforts. Federalization of financial creation likewise assists a country with accomplishing practical assembling development and development. The examination was directed utilizing tertiary information that was accumulated from a few distributions, reports, and measurements that were delivered by the Public authority of MSMEs, and it required the years 2006-2007 through 2015-2016 into thought. The exploration examines the troubles MSMEs have in executing arrangements there in Indian economy. The article likewise shows that there's a pattern toward more prominent unit thickness, populace, and capital market cost. The exploration arrived at the resolution that maybe the MSMEs structure the foundation of the Indian economy and found that MSMEs have performed so well with lined up with difficulties and upliftment of monetary arrangements.

Run Arjit (2018) contemplated the scientific and strategy additive of Miniature, little and medium ventures with the plan to feature the distinction in the exhibition of MSMEs in pre-advancement and post-progression periods with the assistance of combined yearly development. The creator conveyed concentrated on different execution signs of the MSME area which characterize the general exhibition of the pre-post-change period. The review deciphered a portion of the difficulties and weaknesses MSME face and through relapse examination featured the job of FDI in improving the possible development of MSMEs. In Last, the review reasoned that FDI guarantees high efficiency and harmony between both administrative and limited time approaches are requirements for the viability of the MSME area in India.

Bhuyan Ujjal (2016) (MSME) analyzed the elements of MSMEs in America likewise with objective of figuring out MSMEs' proficiency there and their part in the headway of business venture. As indicated by the report, MSMEs contributed 37.54 level of the absolute products for the years 2012-13 through 2014-15, including that of the money area. The exploration pointed out the profoundly imbued neediness issues and disparities, especially in India. The review uncovered that the work normally works at an exceptionally low scope level with an absence of formal space for activity with no division among work and capital. Finally, the review presumed that the public authority of India is more determined on the advancement of MSME and furthermore settled the focuses in IIT and IIMs to back the endeavor of the original of business visionaries.

Objectives

1. To access the affairs of MSMEs in the growth of India.
2. To highlight the challenges faced by the MSMEs sector.

Research Methodology

The present study is carried on the basis of secondary information gathered from a variety of verified sources, such as conferences, MSMEs' financial statements, and other official publications. The data was further classified and presented in tables to provide a fruitful interpretation.

A. Affairs of MSMEs

I. Activity-wise participation in MSMEs

The MSMEs are playing an efficient role in enhancing the growth of the Indian economy by providing large opportunities for employment and also industrializing the rural areas which is resulting in a reduction of regional imbalances, and assurance of equitable distribution of income and wealth.

So, to highlight the affairs of MSMEs in the growth of India through their activities following is a table showing the participation of numbers of enterprises from both rural and urban regions.

Table – 1 Activity-wise participation in MSMEs

Activity	Number of Enterprises (in Lakhs)			Share (%)
	Rural	Urban	Total	
Manufacturing	114.14	82.50	196.65	31
Trade	108.71	121.64	230.35	36
Electricity	0.03	0.01	0.03	0
Other services	102.00	104.85	206.85	33
All	324.88	309.00	633.88	100

Source: MSME Annual report 2021-22

The Above table shows the participation of both rural and urban regions MSMEs in different activities. In the given table the highest share of participation is recorded from the trade activity which is 36% of the total share, and other service activities participated with a share of 33% which is recommendable.

If we analyze the number of enterprises in rural and urban regions, we will find that enterprises participation from rural regions is 324.88 lakhs and enterprises from the urban region are 309 lakhs which are a little less than rural participation.

Apart from this, Over than 99% of all MSMEs—630.52 lakh businesses—fall within the minor sector category. 3.31 lakh of both the Small and medium enterprises are classified as small businesses, while 0.05 million are classified as medium-sized businesses, making up 0.52% whilst 0.01% of all MSMEs, respectively.

II. Activity-wise employment in MSMEs

MSMEs are participating very efficiently in distributing the opportunity of employment provided by the Ministry of MSMEs Following is the detailed table of performance in MSMEs:

Table-1 Activity-wise Employment in MSMEs

Activity	Number of Enterprises (in Lakhs)			Share (%)
	Rural	Urban	Total	
Manufacturing	186.56	173.86	360.41	32
Trade	160.64	226.54	387.18	35
Electricity	0.06	0.02	0.07	0
Other Services	150.53	211.69	362.22	33
All	497.78	612.10	1109.89	100

Source: MSME Annual report 2021-22

The above table activity-wise employment in MSMEs shows the utilization of employment opportunities provided by the Ministry of MSMEs to MSMEs. In the given table the highest share of 35% of trade activity in fixing employment opportunities, 33% of the share of other activities, and manufacturing activities have 32 % share in employment in the MSME sector.

After analyzing the above table researcher also find that the number of employment in rural and urban regions, the beneficiaries of employment from rural regions is 497.78 lakhs and from the urban region is 612.10 lakhs which are higher than the count of rural beneficiaries.

Apart from this, the micro sector accounts for 1076.19 lakhs people were served by 630.52 billion businesses, making up 97% of all output in the Small and medium scale enterprises. The small sector, that employs 3.31 lakh people, and the medium sector, that employs 0.05 lakhs MSMEs, together contribute to 31.95 crore jobs, or 2.88% and 0.06% of the all MSME output and employment, respectively.

B. Challenges faced by MSMEs

The MSMEs are low capital intensive and dynamic in nature which serves the economy of India very efficiently, and also face so many problems and issues. These problems help MSMEs in potential growth and smooth functioning. The challenges faced are from different categories including finance, technology, human resource, marketing, and other operational challenges.

The researcher highlighted some of the challenges faced by MSMEs below:

1. Because of deficient monetary revealing, there is a lack of monetary preparation and directing assistance for these entrepreneurs.
2. Advance reimbursement for bank cash is challenging for minuscule substances to give.
3. Since there is a deficiency of prepared work, enlistment in new companies must be expanded.
4. The MSMEs business comes up short on assets to do incredibly fruitful item contributions. It has frail vital abilities to advertise and little capacity to advance things in world business sectors.
5. MSME organizations frequently find it hard to utilize their arranging power with forthcoming clients.

6. During the beginning phases, MSME endeavors should manage an assortment of sociopolitical troubles connected with familial support other case-based differentiations.
 7. There is a lack of relational financing, including as organizations, joins between firms, the executives associations, and informal contacts, which are important to deal with the gamble of being more fragile than a larger part of industry rivals.
 8. The development of unstructured MSMEs becoming legitimate business associations might be hampered by an absence of responsibility and the whole heap of regulative consistence. This impacts the limit of MSMEs to add to neighborhood economies emphatically.
 9. MSMEs disapprove of momentary productivity limitations, which might keep organizations from filling in the long and medium-term terms and from having the option to repay their providers and laborers.
 10. The shortfall of market information lopsidedly hurts MSMEs and entrepreneurs. Numerous entrepreneurs find it challenging to get the assist they with expecting to work on their advancement, organization, records, and bookkeeping. Absence of unmistakable business astuteness may likewise confine MSME s' capacity to perceive the need of Research and development.
1. The MSMEs some of the time face access the fundamental foundation like stable power, broadband web, water supply, street organization, etc.

Conclusion

The Contribution of MSME in very progressive as the MSME is engaged and participating so actively in several small-scale activities. The study finds that The projected amount of traders is higher mostly in urban than rural areas, with the urban areas covering more sales and many other MSME operations. The participation of MSMEs in employment is more in urban region under the trade activity but the manufacturing activity has more participation of rural region which is a part of appreciation. But study also suggests that there is need of more measures which should be taken by the government of India to improve the productivity and participation of MSMEs in GDP growth.

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