



INDIA: A GROWTH OPPORTUNITIES FOR MSME

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ABSTRACT

In recent years, the importance of MSMEs has been recognized in countries around the world for their significant contribution to the achievement of various socio-economic goals such as high economic growth and employment, output, entrepreneurship development, promotion and export support. IHR plays an important role in the industrial development of any country. The IHR sector is a pillar of the Indian economy to contribute to the growth of the Indian economy. This sector is very important for the country to move towards faster and more comprehensive development. The MSME sector can help achieve the national manufacturing policy target, which should contribute 25% to India's GDP by 2022. To this end, the Government of India has launched a good "Do in India" initiative. This document should focus on MSME operations and development and capabilities. It is concluded that this sector makes a significant contribution to employment, exports and output. The continued growth of the Indian economy cannot be overstated without acknowledging the contribution of the MSME. The MSME sector accounts for 40 to 50 per cent of India's total exports. Again, the MSME sector contributes an average of 30% of India's gross domestic product (GDP).

KEYWORDS— MSME, Make in India, GDP, growth, employment, opportunities

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play an important role in the economic development of a country due to their contribution to production, exports and employment. The sector contributes 8 per cent to the country's GDP, 45 per cent to industrial products and 40 per cent to the country's exports. It employs 60 million people in 28.5 million enterprises. It is noteworthy that the MSME sector has maintained a higher growth rate over the last one decade than the general industrial sector. According to the survey, exports from these enterprises are on the

rise despite rising raw material prices, sluggish global demand and fierce international competition. Today, the field produces a wide range of products, from simple consumer goods to high-purity, complex finished products. It has become a major supplier of consumer goods, as well as a manufacturer of electronic and electrical appliances, medicines and pharmaceuticals. The momentum for the sector is likely to have a multiplier effect on economic growth. According to the MSMED Act, MSMEs are determined on the basis of their investment in plants, machinery and equipment for service providers.



In most economies, MSMEs account for more than 90% of total business enterprises, and a large share of employment in industrial production and exports, which are credited with generating higher employment rates. In India too, MSMEs play an important role in the overall industrial economy of the country. With its agility and dynamism, the sector has demonstrated admirable innovation and adaptation to avoid the recent economic downturn and recession. The MSME sector has gradually come under discussion with more focus on the government and other government agencies,

corporates and banks. Policy-based change. Field investment; Globalization and India's strong economic growth have opened up many business opportunities for the sector.

New criteria for classification of MSMEs:

The changes in classification criteria were long awaited. Although it was proposed long back, government recently announced the same via Press Release on 13.05.2020.

Classification	Manufacturing & Service Sector (No distinction)	
	Investment in Plant & Machinery	Turnover Limits
Micro Enterprises	Less than 1 Crore	Less than 5 Crore
Small Enterprises	Less than 10 Crore	Less than 50 Crore
Medium Enterprises	Less than 20 Crore	Less than 100 Crore

OBJECTIVE OF THE STUDY

- 1) To evaluate the overall growth and developments in the MSMEs sectors in India.
- 2) To examine the Future Opportunity to the MSMEs sector In India.
- 3) To find key challenges and solutions faced by the MSMEs sector.

POSSIBLE OPPORTUNITY AREAS OF MSME

In the new wave of entrepreneurship, the growth of MSMEs focuses on innovation and technology, which will create opportunities for women entrepreneurs and develop skilled resources in the following areas of opportunity.

1) Come Make in India:

To promote the 'Make in India' ecosystem for foreign companies to invest in manufacturing, service and agriculture and agro-processing sectors to meet domestic and global demand.

2) Digital India:

To develop MSME preparation and service capabilities in the ICT sector in line with the government's vision.

3) Export contribution:

Facilitate the contribution to export by supporting and developing the MSME segment in order to be

competitive on the world market and introduce research and development, innovation and global technology.

4) Public procurement policy:

Contribute to the creation of an ecosystem for the defense and supply of public sector industries so that MSMEs contribute at least 25 per cent to the total defense and public sector procurement.

5) Procurement by large Indian and foreign corporate across industry sectors from MSMEs:

Promote an ecosystem, provide incentives for large corporate investments in vendor corporations, and specialize in MSME segments, especially for research and development, innovation and global technology.

6) Indigenisation:

Encourage all investments and outputs made by key players and their MSME suppliers, especially to allow indigenization and / or import substitution by adapting to research and development, innovation and global technologies.

7) Traditional and heritage industries:

Encourage and support any stakeholder who invests in the development, growth and opening up of global markets for India's traditional and heritage industries for agro and natural medicine and therapeutic products,



services and products and services. . Solid MSME backbone for the Indian economy.

GROWTH OPPORTUNITY FOR MSME

There are about 46 million micro, small and medium enterprises in various sectors, employing 106 million people. Overall, the MSME sector accounts for 45% of Indian manufacturing and 40% of exports. While unorganized (about 94%) is informal and unregistered in most sectors, the initiative to register more businesses is on the right track. In some global economies, the contribution of the MSME segment to GDP is between 25 and 60 per cent. India's share of GDP in MSMEs is expected to increase from the current 8% to 15% by 2020

1) Growth Opportunity Areas in Major Sector:

In view of the expected growth trends in the main sectors and certain areas of opportunity, the proportion of MSMEs in these growth sectors may increase significantly. MSME can provide a strong backbone for the growth of the industry by acting as a quality supplier and vendor as well as a customer for large companies in various sectors.

I. Telecommunication:

- Domestic manufacturing of telecom networking equipment, including routers and switches.
- Next generation Software-defined Networking equipment
- Mobile Customer Data Analytics, services oriented towards analytical solutions
- Manufacture of low-cost mobile phones, handsets and devices
- Manufacture of Base Transceiver Station equipment
- Development of Value-added Services
- Over-the-top (OTT) service providers of innovative services and content to mobile subscribers

II. Electronics:

- Electronic Systems Design and Manufacturing including semiconductor design, electronic components design and hi-tech manufacturing. It has been proposed to establish a 'National Electronics Mission, a nodal agency for the electronics industry, to enable MSMEs to play a role
- Electronic components with focus on making components for electronic products customised for the Indian market
- Strategic electronics, with the Government of India keen to encourage domestic

manufacturing of products needed by the armed forces

- Low-cost consumer electronics, consumer durables• Nanoelectronics and microelectronics

III. Healthcare:

- Providing affordable healthcare, especially in rural areas
- Low cost medical devices, which can be used in rural areas
- Medical consumables like surgical gloves, scrubs, syringes etc
- Low cost surgical procedures to reduce the cost of healthcare
- Medical tourism
- Diagnostic labs

IV. Pharmaceuticals

- Generics and API manufacturing
- Contract research
- Nutraceuticals and nutraceuticals

V. Food and Agriculture

- Processed food, ready to eat packaged food, premixes, milk & dairy, bakery and processed meat
- Backend infrastructure such as cold chain storage, farm collection center, etc.
- Health food, health beverages, food additives such as vitamin additives, etc
- Food packaging, innovative packaging for processed food
- Contract manufacturing for crop protection chemicals, crop nutrients
- Poultry, feed and farm additives

2) Opportunities in Employment Generation:

With MSME's contribution to GDP increasing, it is reluctant to increase its share of employment by more than 50% over the next decade. This is also important for informal MSMEs who are not currently registered. Formal MSMEs need to be ecosystem made parts. Development incentives in the form of incentives or direct benefits for MSMEs will promote participation in registration and growth. In general, the MSME sector can provide comparative employment opportunities, especially in rural and remote areas, relatively. At low cost, part of the industrial ecosystem can provide opportunities for dismantling and system development. Works as a subsidiary to support large businesses. India needs to create 10 to 15 million jobs in the next decade to create jobs. Current MSME employment accounts for 28% of total employment. MSMEs can play a significant role in job creation and growth of the Indian economy. The MSME sector is a key driver for India's transition from an agricultural to



an industrial economy. MSMEs play a major role in industrial units. The total number of businesses in the MSM sector was 46 million with 106 million jobs.

3) Opportunity in Export:

The contribution of the services, manufacturing and agricultural to the overall exports from India is fairly twisted. While export of services led by IT and ITes sectors have grown significantly in the last decade, the contribution to exports from manufacturing output has been largely stagnant. The share of the top four commodities account for about 60 per cent of total MSME exports. While globalisation presented a number of challenges for the manufacturing MSMEs, it also opened up ample opportunities to shore up the growth of the manufacturing sector. India can seize the opportunities provided by the dynamics of globalisation which has resulted in a dramatic shift of manufacturing to developing countries over the last decade. India can significantly diversify its export portfolio, both in terms of products and goods exported as well as regional coverage.

4) Opportunity in Value Addition in Products & Services:

The average technical value of products exported by Indian industries is about 88%, which is much lower than other stabilizing countries. When it comes to global demand for value-added products and services, a clear opportunity is missing.

I. Building Brand India:

Demand for goods and services is expected to increase over the next decade, thanks to efforts to promote and promote international awareness of the Made in India label in overseas markets. To help MSMEs, international exhibitions have marketing schemes for Indian goods / brands. Participating in global markets will not only help MSMEs grow their business, but also transform globally competitive enterprises.

II. E-Commerce:

The availability of online trading platforms is a key component of MSMEs' exports. Traditional handicrafts clusters and freelance craftsmen and entrepreneurs are connected to the world today and work in the global market through e-commerce platforms. The penetration of e-commerce into business with urban and rural MSMEs is growing, and is expected to further boost export growth.

III. Indigenisation:

India is heavily dependent on imports of a large number of goods and services. Although the importation of specific products such as raw materials is inevitable, many other products in the consumer sector, such as white electronics, lighting and consumer

goods that are no more than technology, are likely to be replaced by local businesses. In addition, it is possible to encourage investment in high-tech sectors to promote the potential to replace and localize high-tech imports in health, automotive, defense, and many other areas. Electronics and telecommunications.

5) Opportunity in Traditional & heritage industries:

India's cultural diversity offers a considerable number of regional village industries that produce traditional and heritage-based products across the country, from traditional weaving to pottery, art, and even medicine. Virtually every state has its own culture and traditional village industries. These industries have enormous potential for export to world markets. Many traditional industries are based on the principle of using natural colors, eco-friendly materials, etc., offering a special competitive advantage in the global market. Given appropriate momentum regarding global market exposure, financial support, and basic infrastructure, village industries can play a key role in transforming India's rural landscape. Given the significant increase in exports of products from traditional and village industries, there is considerable potential for further growth in these segments. Local industrial groups such as the Leather Export Council, the Loom Export Promotion Council (HEPC), and the Craft Export Promotion Council (EPCH) must work in concert with the central government and government. A state that promotes these products in a market that has not yet been developed.

CHALLENGES FACED BY MSMEs

1) Availability of finance:

First, lack of adequate and timely access to finance remains the biggest challenge for MSMEs and has hampered their growth. The sector is unable to invest in its manufacturing, buy raw materials in a timely manner, access new technologies or acquire new skills due to lack of funds, which is a particular disadvantage in particular in its fight with its global competitors. The slowdown and liquidity tightening led to NPA problems, prompting Finance Minister Nirmala Sitharaman to announce on ASSOCHAM's recent anniversary that restructuring of the MSMEs sector can be done without classifying loans as a postal code.

2) Upgraded Technology:

Technology is a big problem for MSMEs. MSMEs require efforts to inform new developments and technologies, and to keep track of local conditions so that they can be useful, how local people understand and integrate. IITs, ITIs, Academics, Process and Product Development Centers, Tool rooms and Training Centers and similar institutions should be



encouraged to connect / enable local MSME clusters, understand and appreciate their technology related issues and problems and undertake projects. Specific issues. Students should be encouraged to join local units and suggest innovation as part of their projects.

3) Lack of formal registration:

Total of 55.8 million MSMEs, only 8.2 million are MSMEs registered and the remaining 47.6 million are unregistered MSMEs. Given the scenario above, the first and greatest challenge for MSMEs to overcome is to get all MSMEs that are not registered in the official fold to be eligible for a service package. The unregistered nature of MSMEs also acts as a deterrent to their access to credit from official credit sources.

4) Competitive market environment:

MSMEs operate in a competitive environment and require an environment in which growth can be sustained. The three main measures that can create the environment are legal and regulatory support, government support, and support for financial infrastructure. The government is taking a number of steps to provide adequate assistance in these areas, such as proposing to change the definition of MSMEs, introducing Pradhan Mantri Mudra Yojana (PMMY) to allow MSMEs to easily apply for loans, and the electronic market for MSMEs, a program of two percent interest subsidy, introduction of the TReDS platform for discounting bills, implementation of credit melas, restructuring of stressed MSMEs loans, etc.

5) compliance issue:

The GST has become the biggest compliance issue before MSMEs. It is time for GST bottlenecks / problems to be addressed and resolved as soon as possible. Then there are problems associated with labor resources, research, infrastructure and other problems for the IHR. Some new labor codes are already in place and others are being developed. It is also important to advise state / local governments not to impose an excessive compliance burden on these units. In addition, ongoing research and development through publicly funded institutions can be of great importance in improving the international competitiveness of the IHR. It appears that the government is now considering IHR issues as a priority. To assist the RSI, the government has announced the launch of the Bharat Craft e-commerce portal, which will serve as a direct interface between sellers and buyers. In order to expand job opportunities, the RSI ministry, led by Nitin Gadkari, launched a "second financial assistance program" to help PMEGP and Mudra develop or modernize.

CONCLUSION

In conclusion, the MSMEs sector in India today is on the verge of global growth due to its competitiveness and product quality. Micro, small and medium-sized enterprises contribute to India's economic development in various ways, such as job creation in rural and urban areas, by providing goods and services at affordable prices. However, government assistance is needed to minimize transaction costs for technology upgrades, market penetration, infrastructure upgrades, etc. The MSMEs sector is often called the "growth engine" for developing countries. We will start by reviewing this sector in India and look at some recent trends that emphasize the development and importance of this sector to the Indian economy. We analyze the growth of MSMEs in the areas of fixed investment, productivity, job creation and investment. In particular, we discuss employment opportunities, infrastructure development, export promotion in the MSME sector. We also look at the opportunities offered by the Indian economy to improve MSMEs. It is concluded that the RSI in the Indian economy has shown tremendous growth and excellent results due to the contribution of the political framework and the effective steps that the government has taken from time to time to grow and develop the RSI. The Government of India has taken several initiatives to make this sector a more active and significant actor in the development of the Indian economy.

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