



Status of MSMEs in Atmanirbhar Bharat Abhiyan

Dr. Pushpender Singh Thakur, Assistant Prof. in Economics

Email Id: drpushpendereco@gmail.com

Abstract

Atmanirbhar Bharat is a phrase translates into 'self reliant India' coined by the Prime Minister of Narendra Modi as a road map to the road ahead. It was the time when the world was facing acute economic distress caused by COVID pandemic. Atamnirbhar Bharat is believed to rely upon five pillars namely economy, infrastructure, system, demography and demand. This led to a series of mega relaxations, reforms and economic packages as a cope up strategy to fuel the economic activities. Here, MSMEs sector got a special mention and entrusted to deliver well in future on different sphere. Thus the proposed study is presenting an analytical view of the state of MSMEs sector in the Indian Economy.

Keywords:

Pandemic, economic distress, big push, technology driven, vibrant demography.

The economic distress caused by Covid-19 pandemic throughout the world has taught numerous lesson on different horizons it may be societal sphere where human colors, creed, class were vanished into air, hopefully for the very first time in the history of human civilization. Some time it seemed final war for existence of human race on the planet. At this time India has emerged as lives savior for the world and exported medicines and medical equipments thought the world without having a second thought for a fraction of time. Now, when the pandemic started to hit back on India the whole world reciprocate and thus we fought back well the pandemic. I would like to mention here that it was perhaps the agrarian Indian Economy who immediately recovered to growth track as compare to other lager economy of the world. It is inevitable to mention here that the conclusion drawn in this

regards witnessed the strong inter-woven structure of tri-sector (primary secondary and tertiary sectors) of the economy which never let the economy to die or collapse. Otherwise when the people of developed nations were rushing for medicinal help from nook-to –corner and exhausted every world market, India was standing firmly without any hassle, reason being the self sustaining system of rich inherited cultural heritage of self control and restraints. Consequently a country, who is housing about 1\5th of world population and approximately same proportion of world’s poor (hunger) people, comfortably sailed through the pandemic.

In post pandemic period India has been recognized as a friend of all, at economics and political horizon under the strong leadership of Prime Minister Narendra Modi. This hard time provide enough food for the thought of economic thinkers and political leaders to write new script of “ATAMNIRBHAR BHARAT”.

Finally, on 12th May, 2020 Prime Minister coined the concept of self reliance India as Atamnirbhar Bharat Abhiyan. It seems that in this format of self reliance sector-wise appraisal has been done with utmost care and thereof future course of action has been decided accordingly. Atamnirbhar Bharat Abhiyan has presented a composite model of sustainable and rapid development of country. It has five major pillars to sustain upon namely economy, infrastructure, systems, demography and demand. In this regard it has been resolved and admitted factor that economic pillar needs a big blow (push) to make a break- through from the miniscule inner cycle of pocket investments in phased manner which has failed to produce shadow factor in the economy at macro level. Infrastructure has been regarded as the back bone of all the developmental models which are equally legging behind and needs a modernization and mechanization to produce warranted results. Therefore, system needed to be upgraded with advance and sophisticated technology driven. This would lead to make macro aspects to take the economy to new high. Demographic dividend or untapped human potential is to be harnessed by providing them opportunities and relevant skills at mass level to utilize their optimum potential. This would also expose our hidden talent to the world and domestic markets. Moreover, it is believed that there is no dearth of talent and potential but we are lacking the mechanism, motivation and market (MMM). The strength of all pillars of Self Reliance Abhiyan rest on the market, despite heading in demographic dividend and its outcomes we need advancement in the market where market forces (demand and supply) must have enough space for free play. It is inevitable to mention here, the KEYNESSIAN Theory of Macro Economics where he established that in absence of effective demand all the bad comes to you which ultimately leads to economic distress and spoil the economy as the western world had experienced in the 19th century.

In this arena Micro, Small and Medium Enterprises (MSMEs) has got the central position to take the charge of Indian economy to lead towards a self reliant and more vibrant world class

economy. MSMEs sector is considered as the engine of growth for Indian economy with larger employment potential with least cost and investment needs. MSMEs are believed to have least engagement in environmental and social behavior.

Voluntarily investing in environmental measures or concerns is part of showing an environment friendly attitude or showing some form of sustainable entrepreneurship. Especially in private sector these are more sustainable, trying to balance between planet, profit and people (Masurel2007). It was 9th May 2007 when Ministry of Small Scale industries and Ministry of Agro and Rural Industries merger pave the ways for the upcoming of new Ministry of Micro, Small and Medium Enterprises.

Objectives;

- To assess the land mark changes in the concept of MSMEs
- TO Assess the share of MSMEs in GDP
- TO assess the outreach of MSMEs establishment

Methodology: This piece of research is carried purely on secondary data sources. For this purpose literary works of eminent scholar have been revisited with new angle and idea. The periodic reports of various agencies on MSMEs and Ministry of Micro, Small and Medium Enterprises have been utilized to reach some concrete outcomes from published and virtual ode.

In order to gauge the performance of MSMEs in the Indian economy their periodic contributions to Gross Domestic Product (GDP) have been compared and analyzed.

As per the provision of Micro, Small and Medium Enterprises Act.2006, the manufacturing and service sector enterprises were conceptually put under different head with different investment ceiling to provide more conducive environment to grow and contribute. Thus they have grown up with full potential over the period and now it was again felt to redefine ceiling to make these MSMEs compatible in the present scenario.

State of Micro, Small and Medium Enterprises in India

MSMEs classification as per MSMED Act.2006		
Enterprises	Manufacturing Sector	Service sector (Equipment Investt.)
Micro	Up to Rs.25Lakh	Up to Rs. 10 Lakh
Small	< 25Lakh up to 5crores	above Rs.10 Lakh to Rs.2 crore
Medium	< 5crores up to 10 crore	Above Rs. 2 Crore up to 5 crore.
Revision of MSMEs composite criterion in Present Scenario (Investment & Annual Turnover) Rs. Crore		
Manufacturing and service has been represented under one head		
Micro	Investment up to <1crore & turn over < 5 crore	
Small	Investment up to <10crore & turn over <50 crore	
Medium	Investment up to <20 crore & < 100 crore	

An analytical view reveals that this investment and turn over ceiling fixation at higher end would have very positive implications on MSMEs growth for the economy. This would work as a stimulator for the better performer with greater sense of financial and business autonomy. More over it enhances the competitiveness at the global level. MSMEs Contribution has been regarded as a booster to the economy and motivational for the other sectors having larger potential and commanding position in the economic arena but failed to grow at full capacity.

MSMEs Contribution in the Economy

Year	Contribution in GVA (total)%	MSMEs GVA growth (%)	Contribution in GDP%
2011-12	32.35	-----	30.00
2012-13	32.82	15.17	30.40
2013-14	32.71	12.23	30.20
2014-15	31.21	9.29	29.70
2015-16	32.03	8.65	29.20
2016-17	31.83	9.44	28.90

Source: Central statistical Office (CSO), Ministry of Statistics & Program Implementation.
Annual Report 2018-19.

Gross Value Added: Prepared at factor cost base year2004-05(up to2016-17)

The above information reveals that MSMEs have been adding to GVA at a healthy appreciable rate in a sustainable manner despite numerous economic odds. It is important to mention here, that MSMEs contributions in Gross Domestic have also been remarkable and stable. These are the rationale for this charming growth of MSMEs sector:

- ✓ Across the sectors widening (expansion) of MSMEs
- ✓ Product diversity
- ✓ Dominance in service sector
- ✓ Endogenous product dominance
- ✓ Nationalistic flavor
- ✓ pace & pattern of MSMEs establishment in Rural & urban areas
- ✓ Localized as well as exportable produce fetches good prices.
- ✓ Most cost effective venture next to agriculture

These all indicators are self explanatory that which makes it easy to understand that MSMEs sector has been playing a leading role on all the fronts. In the light of last objective which is enquiring about direction of MSMEs expansions in recent past has witnessed a balanced expansion in all direction. As per the Annual Report major engagements of MSMEs have been in trade sector amounting to 36 per cent, manufacturing occupies second rank with 31 per cent engagement, other services have also been commanding a good chunk of 33 per cent. MSMEs sector has entered in electricity sector with a petty share of 0.03 per cent. It is expected that the present on-going motivation incentives of the governments and series of mega reforms would definitely work and pave the ways towards untapped area of Indian economy. Thus MSMEs sector seems to be a promising one sector to cater needs of self reliant India. Another concern that has been haunted Indian planners and leaders since independence is ever increasing gap between rural and urban economic and social disparity. This is doubted to widen the rift between rich- n- poor, rural- n-urban and have and have not.

MSME sector has done much better on this count unlike the heavy industrialization that have been blamed to be raw material centered, market centered and other sources centered. MSMEs have been rural area focused especially manufacturing enterprises i.e. 58.20 per cent. About 52 per cent of manufacturing, trade, services and other enterprises have rural establishment. Moreover 35.50 per cent of total rural establishment have been manufacturing enterprises which are further strengthening the tall claims of political and economic leaders that MSMEs are growing in right direction to maintain socio-economic harmony in country side. Micro sector is dominating the scene, accounting for about 99 per cent establishment of the sector i.e.

about 630.52 Lakh out of total 633 Lakh enterprises in MSME sector. More over it indicates an unhealthy growth or single-dimensional (micro sector centered) growth of sector. The share of medium enterprises has been meager 0.05Lakh, although small sector reported with 3.31 Lakh enterprises. In conclusion the contribution of MSMEs sector has been acknowledged with full capacity at all quarter. The Sector is leading the economy as well as other sector; it may be GVA contributions, GDP share, exportable surplus and market expansion at global level. Moreover MSMEs are believed to retain human resources at local place by providing them skill and job near to their native places. Despite this the study has also exposed the new challenges that are either about to emerge or going to be the bone of contention if left unattended. These issues are ever increasing lust for migration towards semi-urban or urban areas, slow pace of conversion of input areas into output hubs, to develop world level competitiveness, ever increasing population, to take the technical know-how to the door step, imparting requisite skill to demographic dividend (human resources development). Thus the outcome of the study necessitates making suggestions, to carry further research work in this direction beyond researchers and resource crunch.

References:

Bhuyan, Ujjal , A study on performance of Micro, Small and Medium Enterprises(MSMEs) in India, Global Journal of Management and Business Research: A Administration and Management, vol.16, Issue 9 Version1.0, 2016.

Sarruki, Sunder, Self Reliant India: Self of A Nation or A National self? Journal of Economic And Social Development, 23, 2021.

<https://doi.org/10.1007/s40847-020-00115-z>

Atamnirbhar Bharat: Part-1, Business including MSMEs. Government of India

Annual Report 2019-20 Government of India Ministry of Micro, Small and Medium Enterprises, Udyog Bhawan New Delhi.

Website: www.msme.gov.in