

The Msme-Boon Towards India's Economic And Social Development

Mr. Nishit J Dapkawala

Abstract:

The paper emphasis the focus regarding the (MSME) sector importance and contribution towards Indian economy which led to economic development & curb the major social problems prevailing in India .The country like India which is still the developing country willing to be developed and due to humongous amount of population abundant labour force is there rather than capital intensive society. The study lays down its inputs on regarding the State & Union territory wise employment generation by the route of MSME in India, contribution of MSME in India's GDP, contribution in total manufacturing output in India, share in total exports of India by MSME sector.

Keywords: Employment generated by MSME, India's GDP, manufacturing output, India's total exports

Date of Submission: 25-01-2024

Date of acceptance: 05-02-2024

I. Introduction:

The world is a global village and in this village there are countries which we will found it out as some are developed country, there some will be developing country & the underdeveloped country. The developed country resources are equitably resourced and well distributed so the economic and social indicators are strong. When we go for developing country there the resources are properly structured but not favorably utilized and distributed. And when we discuss regarding the underdeveloped nation it lags in both industrial which is related to economic as well as social indicators which is related to the distribution of resources. To fit the leg in the shoe and maintain equilibrium between the economic as well as social indicator Micro, small, medium enterprises (MSME) is the best possible outcome for the formation of business. Each and every audience whether it be people at remote areas or whether it be at urban areas can have their own business formation through that the major social issues of unemployment and poverty can get reduced by elevating self – employment like structure.

When in countries like India the productivity and efficiency of labour is gradually high MSME becomes the bloodline for the country & generally joint family system is there in India so the labour resource here is very immobile in nature. So for them they can get employed through setting up their own business and can provide employment to others also.

Indian government has discovered the importance of the micro and small scale industries & done notably things for such micro and small businesses and the stuff possess that they can get easy finance through “MUDRA SCHEME”, “PM STREET VENDORS ATMA NIRBHAR NIDHI (PM SVANIDHI), 59 minute online loan approval for MSMEs, they get major relaxations regarding the complying standards which are rooted in Companies act 2013., liberalizing the taxation policies and concessional tax slab structure for the MSMEs.

Micro small medium enterprise (MSME) Defined:

The definition of MSME has been revised by the union ministry of MICRO SMALL MEDIUM ENTERPRISE after 14 years & the applicable definition is the fusion of manufacturing and service sector & it is applicable from the 1st July, 2020.

Size of an enterprise	Sector	Investment Limit	Turnover Limit
Micro Enterprise	Manufacturing	Up to ₹ 1Crore	Up to ₹5Crore
Small Enterprise	Manufacturing	Up to ₹ 10Crore	Up to ₹50Crore
Medium Enterprise	Manufacturing	Up to ₹ 50Crore	Up to ₹250Crore

Size of an enterprise	Sector	Investment Limit	Turnover Limit
Micro Enterprise	Service	Up to ₹ 1Crore	Up to ₹5Crore
Small Enterprise	Service	Up to ₹ 10Crore	Up to ₹50Crore
Medium Enterprise	Service	Up to ₹ 50Crore	Up to ₹250Crore

Purpose of the study:

- Employment generation provided through MSME in different states and Union territories of India.
- Contribution of MSME towards GDP of India
- Contribution of MSME towards manufacturing output in the overall Indian manufacturing.
- Contribution of MSME towards the Exports of India

II. RESEARCH METHODOLOGY:

The study here is based on the secondary data collected from the MSME portal and the annual reports published by the ministry of (MSME) micro small medium enterprises, from the website of the MSME to meet the substance regarding the study.

State/Union territory wise Performance of MSME in generating the employment:

Sr.	State/Union Territory	2021-22	2022-23	2023-24*	Total
1	Andhra Pradesh	1231311	2745495	727568	4704374
2	Arunachal Pradesh	20152	35406	8677	64235
3	Assam	561497	956912	394341	1912750
4	Bihar	1447440	2175714	606625	4229779
5	Chhattisgarh	398414	556453	162031	1116898
6	Goa	59265	82455	21968	163688
7	Gujarat	2241194	2439554	822168	5502916
8	Haryana	1175432	1255892	465005	2896329
9	Himachal Pradesh	175196	199516	118312	493024
10	Jharkhand	683346	922057	246818	1852221
11	Karnataka	2757427	3578112	1311507	7647046
12	Kerala	763846	851407	236464	1851717
13	Madhya Pradesh	1400971	1823041	524148	3748160
14	Maharashtra	4566130	4890908	1442862	10899900
15	Manipur	118058	147183	17365	282606
16	Meghalaya	18757	31128	11606	61491
17	Mizoram	20606	69215	18488	108309
18	Nagaland	26062	46227	18681	90970
19	Odisha	958600	1295934	406823	2661357
20	Punjab	934704	1161308	481552	2577564
21	Rajasthan	2457478	2816087	831202	6104767
22	Sikkim	10429	15247	7488	33164
23	Tamil Nadu	4054934	4662649	1474860	10192443
24	Telangana	1982579	2677513	875418	5535510
25	Tripura	83737	179287	33383	296407

Sr.	State/Union Territory	2021-22	2022-23	2023-24*	Total
26	Uttar Pradesh	2832512	4171713	2209675	9213900
27	Uttarakhand	403177	401591	124721	929489
28	West Bengal	2049849	2932684	752510	5735043
29	Andaman & Nicobar	173158	35782	5491	214431
30	Chandigarh	67930	69163	19223	156316
31	Delhi	1189801	1236440	814990	3241231
32	Jammu & Kashmir	385608	698551	234669	1318828
33	Ladakh	11484	13779	3751	29014
34	Lakshadweep	811	1375	212	2398
35	Puducherry	55711	57259	21212	134182
36	Dadra & Nagar Haveli Daman & Diu	47643	42783	12397	102823
Total		35365249	45275820	15464211	123615681

*2023-2024 data up to 1st August 2023

Source: Minister Shri Bhanu Pratap Singh Verma (MSME Minister) in a written reply to the upper house of parliament, 7th august 2023

Here, the following stuffs embedded in the table depict the state wise & the union territories of India got the employment through MSME sector. The number itself clarifies that there is an increasing trend towards the generation of an employment by the MSME sector. In 2021-2022 MSME generated total of 3, 53, 65,249 (more than 3 Cr jobs) and amongst them Maharashtra has provided the highest employment through MSME sector. In 2022-2023 the employment provided by MSME sector is 4,52,75,820 the data clarifies that compare to previous year of 2021-2022 generation of employment has increased at a vast scale and increase by the number of 9,910,571. And as the data in the table shows that till August 2023* 1,54,64,211 job had been created by the MSME sector. Again in 2022-2023 Maharashtra generated the highest number of employment generation among the Indian states & union territories and Lakshadweep generate the lowest amongst all the union territories and states.

The data suggest the different states and union territories of India where the immense contribution of MSME sector towards the generation of employment. In the country where 100 of Crores population resides and every single year MSME sector is generating near about 3 to 4 CR jobs is numerous in nature. Certainly the number still has the ceiling to raise as many states & union territories data are in increasing way regarding employment generation

Contribution of MSME Sector towards India's GDP:

Fiscal Year	Sector	Share in India's GDP
2019-2020	MSME	30.5%
2020-2021	MSME	27.2%
2021-2022	MSME	29.2%

Source: Ministry of Statistics & Programme implementation

The following information provided in the table shows that in the year of 2019-2020 even during the pandemic of Corona virus MSME had been the booster towards the Gross domestic product (GDP) of India. 30.5% which is near about almost 1/3 contribution of India's GDP. Although the numbers have decreased in 2020-2021 to 27.2% and in 2021-2022 it again gained the recovery from 2020-2021 and attained the share of contribution in India's GDP to 29.2%.

Contribution of MSME towards manufacturing output in the overall Indian manufacturing:

Fiscal Year	Sector	Share of manufacturing output regards to total Indian manufacturing outcome
2019-2020	MSME	36.6%
2020-2021	MSME	36.9%
2021-2022	MSME	36.2%

Source: Ministry of Statistics & Programme implementation

The table here denotes the MSME contribution towards the manufacturing sector in India. In 2019-2020 MSME has share of 36.6% of the total manufacturing occurring in the India which itself means more than 1/3 of the manufacturing is done by MSME. It continues to rise even at the next year but decimally it has rose from 36.6% to 36.9% which is almost a key metrics on a positive note for the manufacturing sector. Then after in the year 2021-2022 slight decimally there is a drop from 36.9% to 36.2% .But here the decimally doesn't matters that much cause the contribution is constant at 36% in the total of manufacturing which is quiet a good signs for a labour productive developing nation like India.

Contribution of MSME towards the Exports of India:

Fiscal Year	Sector	Share of MSME in India's total exports
2019-2020	MSME	49.8%
2020-2021	MSME	49.4%
2021-2022	MSME	45%

Source: Lok Sabha, Rajya Sabha

Exports are more fruitful than imports the very first reason is to maintain the balance of payment on a surplus side and the secondary reason is to get your country currency a stable value. MSME here also have the propounded and enormous contribution base in the India's export as the table above mentioned the data speaks

itself that in the year 2019-2020 49.8% of India's export had been there from MSME sector which is almost half of the export of India. In 2020-2021 it fall decimally to 49.4% but still it was constant at 49.4% which it was huge support from MSME towards India's total export. But here the first warning alarms rings the doors as in the year 2021-2022 the consistent contribution from MSME for 2 years towards the India's total export gradually fall & sums it up to 45% of total Indian exports. Gradually it still not that bad but the swift contribution which the MSME sector had come down.

III. Conclusion:

While concluding the study, the supreme focus describe regarding the bulky importance of MSME towards India's financial as well & employment generation scenario. MSME is far bigger picture than it seems not just only limited to dealing with economic situation, manufacturing product, providing service & generating job opportunities. More or less the crux part of it is to create self-employment to create the entrepreneurship mindset.

The study phrase that how important MSME as a sector is from manufacturing, from export, from generating employment to curb unemployment & poverty like problems still there are many areas which are need to study & discover it. The areas which can be used in further research likely should be City wise employment generation of Indian states & state wise UDHYAM registration of MSME sector in India.

Even today many MSME working as a backward integration that means the finish goods which MSME produce is a raw material or subsidiary component for huge industries. In short you can't neglect the MSME by any cause if nurture well the MSME has the huge capabilities to change the status from developing India to the developed India.