

AATMA NIRBHAR BHARAT ABIYAN: SELF RELIANT INDIA



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**Dr. S. Theenathayalan
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MAHATAMA KAMISHI V. JO

FOREWORD

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MICRO, SMALL AND MEDIUM ENTERPRISES OF INDIA AND ECONOMIC GROWTH

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Abstract

The study finds that MSME sector plays a vital role in the lives of ordinary people as well as the country's economic growth. In recent years, many youths of the country have been inclined towards entrepreneurship and MSME sectors and are fully supporting them. Furthermore, the Governments on their part have continuously urging the commercial banks to offer more credit to the small and medium sized businesses. Because MSMEs are the vital part of the Indian economy and have made significant contributions to the country's socio-economic growth, they create enormous employment opportunities amongst the biggest populated country in the world and immensely contribute to the development of the country's remote, backward and rural areas.

As per the National Sample Survey (2019) MSMEs employ over 46.6 million people in India. MSMEs contribute almost 30% of the country's GDP, around 45% in manufacturing and production and about 40% in exports. With this significant contribution, they earn the name "Back bone of the country".

Keywords: Micro, Small and Medium Enterprises (MSME), Entrepreneurship, Employment Generation and Socio-economic growth.

Introduction

After 14 years since the MSME Development Act, 2006, The Government of India has redefined MSME as "Atmanirbhar Bharat". The primary objective of redefining the MSME was to ease business activities, attract more investments, and to create more employment in the MSME sector.

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only playing a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries, but also help in industrialization of rural and backward areas. Thereby reducing regional imbalances. Assuring more equitable distribution of national income and wealth. MSMEs are complementary to the large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

Statutory Bodies:

The Ministry for MSME has four statutory bodies namely,

1. Khadi Village Industries Commission (KVIC) is responsible for promoting and developing Khadi and Industries for providing employment opportunities in rural areas,

- thereby strengthening the rural economy. Coir Board taking care of promoting overall development of the Coir industry and improving the living conditions of the workers in this industry.
2. **National Small Industries Corporation Limited (NSIC)** is responsible for promoting, aiding and fostering the growth of micro and small enterprises in the country, generally on commercial basis.
 3. **National Institute for Micro, Small and Medium Enterprises (NI-MSME)** took the role of enterprise promotion and entrepreneurship development, enabling enterprise creation, performing diagnostic development studies for policy formulations etc.
 4. **Mahatma Gandhi Institute for Rural Industrialization (MFIRI)** is to speedup rural industrialization for sustainable village economy, to attract professionals and field experts to the **Gram Swaraj** to empower traditional artisans, to encourage innovation through pilot study / field trials and R&D for alternate technologies by using local resources.

New online system of **MSME / Udyam registration** launched by the Union Ministry of MSME on July 01, 2020, successfully registered 1.1 million MSMEs until November 2020. In June 2021, the Ministry extended the validity of **Udyog Aadhaar Memorandum** from March 31, 2021 to December 31, 2021.

Classification of MSMEs:

MSMEs are classified as per their turnover and investment. The new classification as per the **AatmaNirbhar Bharat Abhiyan Scheme** in 2020 is given in the table below.

MSMEs Classification 2020

	Size of the Enterprise	Investment and Annual Turnover
1	Micro	Investment less than Rs.1 Crore. Turnover less than Rs. 5 Crore.
2	Small	Investment less than Rs.10 Crore. Turnover less than Rs. 50 Crore.
3	Medium	Investment less than Rs.20 Crore. Turnover less than Rs. 100 Crore.

Performance of MSMEs under the KVIC Scheme:

Micro, Small and Medium enterprises (MSME) sector with more than six Crore enterprises has emerged as highly vibrant and dynamic sector of the Indian economy. They speedup entrepreneurship and generating self-employment opportunities at comparatively lower operating cost. Ministry of MSME promotes growth and development of this sector including Khadi, village and coir industries by implementing various schemes and programmes towards credit support, technical assistances, infrastructural development, skill development and training, enhancing competitiveness and market assistance.

Khadi and Village Industries Commission plays the pivotal role in strengthening or rural economy by promoting and developing Khadi and village industries. The KVIC programme plays a

predominant role in providing employment opportunities to rural artisans, more specifically to the socio-economic weaker section of the society. Since agriculture sector is losing its ability to generate additional employment opportunities for the fast increasing workforce in rural areas. The importance of Khadi and Village Industries Commission (KVIC) has increased to find an alternative and appropriate employment for rural people.

Eligibility Criteria:

KVIC loan can be availed by the following entities.

- ✚ Individuals of minimum 18 years of age with 8th class pass certificate
- ✚ Self-Help Groups
- ✚ Registered and Co-operative societies
- ✚ Charitable trusts and some other entities.

Availing MSME loans from Banks under the KVIC Scheme:

Under KVIC, there are several funding schemes / programmes through which business or working capital loans are offered by most of the public and private sector banks to eligible borrowers. The objectives, functioning methods, key features and eligibility criteria of each scheme or programme varies from one another.

Schemes under KVIC – 2023:

I. Prime Minister’s Employment Generation Programme (PMEGP)

PMEGP was launched in 2008 to replace the then existing Rural Employment Generation Programme (REGP). The Ministry of MSME launched PMEGP which is a credit linked subsidy programme. The prime reason for launching this scheme is to create employment in rural and urban areas across the nation.

Under PMEGP, the beneficiaries are required to invest their own contribution of a certain percentage of the project cost to avail the subsidy. Mentioned below is a tabular representation of the amount required to be deposited by the beneficiaries to obtain their benefits under this scheme.

Level of funding under PMEGP:

Categories of beneficiaries under PMEGP Area (Location of the project / unit)	Beneficiaries contribution (Of project cost)	Rate of subsidy (of project cost) Urban / Rural
General Category	10%	15% / 25%
Special (Including SC/ST/OBC/ Minorities /woman /Ex-Service Men/ Physically handicapped/ NER/Hill and Border areas etc)	5%	25% / 35%

Notes:

- ✚ The maximum cost of the project / unit admissible under the manufacturing sector is Rs. 50 Lakh only.

- ↓ The maximum cost of the project / unit admissible under the business / service sector is Rs. 20 Lakh only
- ↓ The balance amount of the total project cost will be provided by the Banks as a term loan.

II. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

This scheme was launched in 2005. SFURTI is a scheme of Fund for Regeneration of Traditional Industries from the Ministry of MSME. The primary objective of SFURTI is to organize the traditional artisans and industries into groups to make them competitive up to the market needs and to provide them with long term sustainability. The financial support provided under SFURTI for any specific project shall be subject to the maximum of Rs. 8 Crore. The institutions of the Union and State Governments and Semi-Government institutions, Non-Government organizations (NGO), Panjayat Raj institutions (PRI) etc., can apply for this scheme.

III. Interest Subsidy Eligibility Certificate (ISEC)

The Interest Subsidy Eligibility Certificate scheme is the major funding source for the Khadi programme. This scheme is applicable for all registered institutions of KVIC. This scheme was introduced to mobilize funds from banking institutions to bridge the gap between the actual fund requirement and its availability from budgetary sources. Under this scheme funding is provided at a concessional rate of interest of 4% per annum for working capital purposes as per the requirements.

IV. Market Promotion Development Assistance (MPDA)

This scheme was launched to provide services like market promotion and development assistance of khadi industries. The aim of this scheme is to ensure the increased earnings of the artisans. Under formal MPD scheme, financial assistance was distributed amongst artisans (25%), selling institutions (45%) and producing institutes (30%). It goes 20% for selling institutions and 40% for both artisans and producing institutions.

V. Khadi Reform and Development Programme (KRDP)

KRDP is formed for employment generation, to enhance the earnings of the artisans and to ensure the positioning of Khadi, considering the present needs of the Khadi industry. The main focus of this scheme is on repositioning Khadi and linking it to market requirements, providing selective subsidy and enhanced remuneration.

VI. Bee Keeping – The Honey Mission.

Honey Mission aims to improve the livelihoods of rural communities. It works around five dynamics that including

- ↓ It's an income generating activity
- ↓ Medicinal and food value of honey
- ↓ Supports agricultural activities
- ↓ Contributes to forest conservation efforts
- ↓ Facilitates healthy linkages between biodiversity towards sustainable livelihood.

VII. Market Development Assistance (MDA)

MDA scheme is a promotion assistance for the development of Khadi, which is paid at 20% on the production. Approximately 25% of MDA is paid to the institution of which 25% is given to artisans as an incentive and 30% is offered to institutions for production and 45% for marketing purposes. Under the MDA scheme, financial assistance of 25% is reserved for payment among weavers and spinners as an additional incentive through their post office or bank account.

KVIC also implements various other promotional activities for the development of different village industries such as handmade paper, polymer, agro and chemical based, bee keeping and other forest related activities. KVIC loans are offered by various financial institutions at different interest rates.

Skill Training Eco-System of Ministry of MSME:

Ministry of Micro, Small and Medium Enterprises (MSME) in its endeavor to provide the right stimulus for the growth of the industry in the country, particularly with the objective of helping micro, small and medium enterprises, has developed a robust skilling eco-system to meet the demands of skilled workforce in the various emerging and traditional sectors in different segments of enterprises.

The Ministry has been organizing a number of skill development programmes / courses for the existing and potential entrepreneurs. In order to build their capacity, these training courses are as per the demands of the industry, a pathway to fill up the gap of requirements of the skilled workforce in the MSME sector in consonance with the changing landscape of the MSME eco-system and its present challenges in India.

Skill training programmes are conducted by a network of institutions under the Ministry i.e Khadi and Village Industry Commission (KVIC), National Institute for MSME (NI-MSME), and MSME – Technology courses (TCs).

The intake eligibility for the training programmes ranges from school dropouts to professional Engineering graduates level of courses viz..Certificate, Diploma, Advance Diploma, Post Diploma, Post Graduate Diploma, and post Graduate courses are offered by these institutions. Furthermore, training for skill up-gradation in traditional sector of KVIC sector are also provided to strengthen these sectors.

The Ministry of MSME has taken various initiatives to align its training courses with National Skill Qualification Framework (NSQF), Ministry of Skill Development and Entrepreneurship (MSDE). These skill Training programmes and initiatives of the Ministry are reported to Ministry of Skill Development and Entrepreneurship (MSDE) under Skill India Mission Convergence.

Implementation of the Schemes for MSMEs under Atmanirbhar Bharat Abhiyan:

MSMEs have a crucial role in Atmanirbhar Bharat Abhiyan drive on economic growth, creating employment and promoting indigenous manufacturing innovation and exports. The Atmanirbhar Bharat Abhiyan is also known as the self-reliant Indian mission. It was launched by the Government of India in the year 2020 to promote self-sufficiency and to reduce dependence on imports. One of the key components of this mission is the empowerment of micro, small and medium enterprises (MSMEs).

The objective of the Atmanirbhar Bharat programme is to make the country and its people self-reliant and independent by all means with the help of full-fledged economic stimulus package. The value of the economic package is INR. 20 Lakh Crore (or) 10% of India's Gross Domestic Product (GDP) with the aim of making the country independent against the tough competition in the global supply chain and to help in empowering the poor, labour, migrants who have been adversely affected by COVID.

India's Atmanirbhar Bharat Abhiyan was essential in boosting the country's economy. In terms of repairing the damaged state of various sectors and the lives of people, it has lived up to our expectations. According to the sector's needs, the financial aid disbursed in India under Atmanirbhar Bharat Abhiyan. This initiative has a great success and is being successfully implemented in pertinent sectors. As per the Atmanirbhar Bharat scheme, citizens are also making unceasing contribution to offer round the clock help and support to all aspiring business owners / establishments and help them launch ventures to secure a new source of income.

Role of MSME and Economic Growth:

Poverty, unemployment and migration are dominating the nation. The developing economy forces rural poor to migrate towards urban or semi urban areas. Many governments have tried to fight against this mass migration along with poverty and unemployment by introducing various programmes.

By implementing various micro finance schemes intends to arrest the most burning issues i.e. poverty and unemployment which are main hurdles in the process of development. Micro finance can be defined as provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and improve living standards.

Micro, small and medium enterprises (MSMEs) sector has emerged as one of the highly vibrant and dynamic sectors of the Indian economy over the last five decades. The MSME sector plays a significant role in the total manufacturing sector of India, in particular, after the implementation of MSME act 2006 of Government of India. The importance of MSME sector can be seen by the fact that it accounts for 95% of industrial units, 40% of value addition in manufacturing sector and 30% of exports.

Gujarat, Maharastra, Hariyana and Tamilnadu are the front-runners in the industrial development. In Tamilnadu, encouraging the development of the sound industrial base without losing focus on the MSME sector is one of the unique feature of the states balanced industrial policy. The state has a proactive MSME policy, 2008 to stimulate the growth of this sector.

Conclusion

MSMEs are important sector for the Indian economy and have contributed immensely to the country's socio-economic development. It is not only generates employment opportunities but also works hand-in-hand towards the development of the nation's backward and rural areas. According to the annual report by the Union Government of India, 2018-19, there are around 6.08 Crore MSMEs across the country. The Ministry of MSME runs numerous schemes targeted at providing credit and

financial assistances, skill development, marketing assistance, technological and quality up-gradation and other services of MSMEs across the country.

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