

A Trend Analysis of Growth and Development of Micro, Small and Medium Enterprises (MSMEs) in India

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ABSTRACT

The Micro, Small and Medium Enterprises (MSMEs) review the policies and programmes and make suitable recommendations regarding the promotion and development of products and services to meet the demands of the domestic as well as global marketing. The ministry of MSMEs sector organizes and implements various schemes focusing on financial assistance, technological assistance as well as upgradation, infrastructure development, skill development and training, enhancing market assistance of MSMEs. An overview of the MSMEs Sector, the organizational structure of the Ministry of MSMEs., role of the office of Development commissioner, setting up of National Board for MSMEs as well as recent developments in MSMEs – are depicted in this article.

Keywords : MSMEs, Organizational Structure, Development Commissioner, National Board-MSMEs, Recent Developments,

I. INTRODUCTION

The 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. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The MSMEs are

widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. An overview and performance of MSME Sector in the country is provided in this article.

II. ORGANIZATIONAL STRUCTURE

The Ministry of MSME consists of Small & Medium Enterprises (SME) Division, Agro& Rural Industry (ARI) Division, Administration & Financial Institutions (AFI) Division, Integrated Finance Wing (IFW) and Data Analytics and Technical Co-

ordination (DATC) Wing, besides the Office of the Development Commissioner (DC, MSME) as an attached office and other subordinate organisations. The organisational structure of the Ministry is depicted in the following organizational chart. (Refer Figure 1)

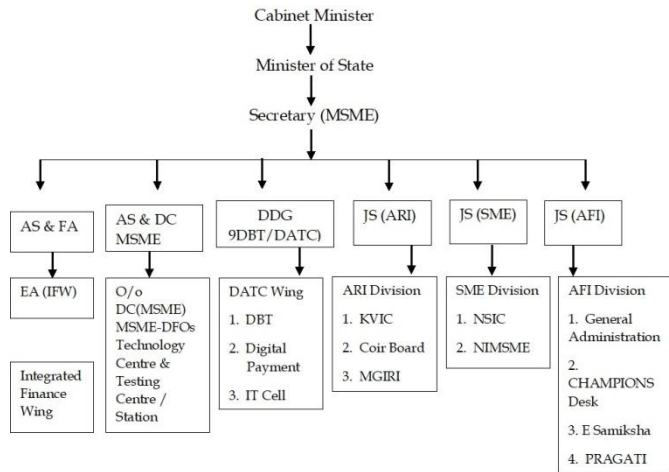


Figure 1: Organisational Structure of the Ministry

SME Division- The SME Division looks after overall inter-alia administrative supervision of the National Small Industries Corporation (NSIC) Ltd., a central public sector enterprise and National Institute for Micro, Small & Medium Enterprises (NIMSME) an autonomous national level entrepreneurship development/ training organizations. The Division is also responsible for implementation of the National SC/ST Hub Scheme, International Cooperation Scheme and Assistance to Training Institutions, among others. In addition, the SME Division also deals with preparation of Ministry’s media campaign for promotion of schemes and its implementation through advertisement in electronics, Print Media and Social Media.

ARI Division - The ARI Division looks after the administration of two statutory bodies - the Khadi and Village Industries Commission (KVIC) and Coir Board and also of the Mahatma Gandhi Institute for Rural Industrialisation (MGIRI). It also supervises the implementation of the Prime Minister’s Employment Generation Programme (PMEGP), the Scheme of Fund for Regeneration of Traditional Industries

(SFURTI) and A Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE).

AFI Division - AFI Division is allocated the work, inter alia, of administration, vigilance of the Ministry. It also looks after administrative supervision of CHAMPIONS Desk, Public Grievances, CPGRAM, E-Samiksha, PRAGATI and follow up on complaints of MSMEs including with Banks, Financial Institutions and CLCS-TU scheme. RAMP section in the AFI Division implements the newly launched World Bank supported Central Sector Scheme “Raising and Accelerating MSME Performance” which aims at improving firm capabilities in the MSME sector through increased outreach of existing schemes, and increased CentreState collaboration.

IF Wing - IFW examines the various proposals received from the Programme Divisions of Ministry and the O/o DC(MSME) for :(i) Concurrence of release of funds under various schemes;(ii) Furnishing comments on EFC/SFC for the Schemes to be continued and convene the EFC/SFC meetings. It tenders advice as and when sought by Programme Wings on various issues having financial implications. The Wing also examines other miscellaneous matters relating to signing of MoU/other Agreements/ Contracts etc.

DATC & DBT Wing- This wing to undertake analysis of data/ statistics related to the MSME Sector and provide technical inputs for evidence based decision making pertaining to MSME Sector. Technical coordination with all stakeholders towards development and maintenance of MSME databases; Coordinating the complete compliance of the directives for the Direct Benefit Transfer (DBT) schemes of the Ministry; implementing promotion of Digital Payment in the Ministry and managing the IT Cell of the Ministry are some of its other important activities.

III. OFFICE OF THE DEVELOPMENT COMMISSIONER

Office of the Development Commissioner (O/o DC-MSME) implements the policies and various programmes/Schemes for providing infrastructure and support services to MSMEs. O/o DC-MSME is an attached office of the Ministry, headed by the Additional Secretary & Development Commissioner (AS&DC), MSME. It functions through a network of 32 Nos. of MSME-Development & Facilitation Offices (DFOs), 27 Nos. of Branch MSME-Development and Facilitation Offices (Br. DFOs), 4 Nos. of MSME-Testing Centres (MSME-TCs), 7 Nos. of MSME-Testing Stations (MSME-TSs), 2 Nos. MSME-Training Institutes (MSME-TIs). The O/o DC-MSME also operates a network of 30 Technology Centres which are autonomous bodies registered as Societies under the Societies Act.

O/o DC-MSME supports the MSME sector in the endeavours of formalization, access to knowledge services, improving competitiveness, reducing imports, availability of skilled manpower, access to latest technology and marketing.

The main services rendered by DC (MSME) office are:

1. Advising in policy formulation for the promotion and development of MSMEs.
2. Dissemination of schemes of Ministry of MSME through its network of field offices.
3. Providing techno-economic and managerial consultancy, common facilities and extension services to MSMEs.
4. Providing facilities for technology upgradation, modernisation, quality improvement and infrastructure.
5. Developing Human Resources through training and skill upgradation.
6. Facilitating cluster development as a vehicle for MSME Ecosystem development.
7. Providing economic information services.
8. Maintaining a close liaison with the Central Ministries, NITI Aayog, State Governments,

Financial Institutions and other Organisations concerned with development of MSMEs.

9. Evolving and coordinating Policies and Programmes for development of MSMEs as ancillaries to large industries including CPSUs.
10. Enhancing trade competitiveness to ensure increase in share of export basket.
11. Increasing access to credit.

IV. NATIONAL BOARD FOR MICRO, SMALL AND MEDIUM ENTERPRISES (NB-MSMES)

The National Board was established by the Government under Section 3 of Chapter II of the Micro, Small and Medium Enterprises Development Act, 2006 and Rules made there under. It examines the factors affecting promotion and development of MSMEs, reviews existing policies and programmes and makes recommendations to the Government in formulating the policies and programmes for the growth of MSMEs.

Hon'ble Union Minister, Ministry of MSME is the ex officio Chairperson and the Minister of State, MSME is the ex officio Vice-Chairperson of the National Board for MSMEs.

The main functions of the National Board for MSMEs are:

- a) Examine the factors affecting the promotion and development of micro, small and medium enterprises and review the policies and programmes of the Central Government in regard to facilitating the promotion and development and enhancing the competitiveness of such enterprises and the impact thereof on such enterprises.
- b) Make recommendations on matters referred to in clause (a) or on any other matter referred to it by the Central Government which, in the opinion of that Government, is necessary or expedient for facilitating the promotion and development and enhancing the competitiveness of the micro, small and medium enterprises.

V. RECENT DEVELOPMENTS

Udyam Registration: This Ministry, vide notification no. S.O.2119 (E) dated 26.06.2020, has notified a composite criteria of classification of MSMEs based on investment in plant & Machinery/equipment and turnover of MSMEs. The guidelines regarding composite criteria of classification of MSMEs is available on link: <https://msme.gov.in/sites/default/files/IndianGazzate.pdf>.

Based on composite criteria of classification of MSMEs, this Ministry has replaced the erstwhile process of filing of Udyog Aadhaar Memorandum, by 'Udyam' registration on a portal developed by this Ministry. Now the existing and prospective entrepreneurs may file their 'Udyam' Registration online on portal: <https://udyamregistration.gov.in>.

MyMSME: To facilitate the enterprises to take benefits of various schemes, the Office of Development Commissioner (MSME) has launched a web-based application module, namely, MyMSME. This can also access through a mobile app. Entrepreneurs can make their applications and track it as well on their mobile itself.

Direct Benefit Transfer in the M/oMSME : All welfare and subsidy schemes of Governments of India have been brought under Direct Benefit Transfer (DBT) with the aim of improving delivery system by re-engineering the existing process for welfare and subsidy schemes, for simpler and faster flow of funds and to ensure accurate targeting of the beneficiaries, de-duplication and reduction of fraud. A nodal point for the implementation of the DBT programmes, DBT cell have been constituted in the Ministry.

Digital Payments : Government of India is making efforts for promoting a cash less economy and to provide the facility of seamless digital payment to all citizens of India in a convenient manner. Promotion of digital payments has been accorded highest priority by the Government of India to bring each and every segment of our country under the formal fold of

digital payment services. The Vision is to provide facility of seamless digital payment to all citizens of India in a convenient, easy, affordable, quick and secured manner.

Grievance Monitoring : The Ministry attends to all the grievances on Centralized Public Grievance Redress and Monitoring System (CPGRAMS) and the number of the pending grievance on CPGRAMS as on 31.12.2022 was 60. The Ministry has started an MSME internet grievance monitoring system (eSAMADHAN) to track and monitor other grievances and suggestions received in the Ministry.

MSME SAMADHAN: To Address Delayed Payment to MSEs Section 15-24 of the micro, Small and Medium Enterprises Development (MSMED) Act, 2006 deal with the issues relating to the Delayed Payments to Micro and Small Enterprises (MSEs) by the buyers to the MSE supplier. In the case of delay in payment beyond 45 days, MSEs suppliers may approach the Micro and Small Enterprises Facilitation Council (MSEFC) constituted under the Act in all State/UTs.

Public Procurement Policy and MSME Sambandh Portal : One of the above mentioned announcements inter-alia pertained to Public Procurement Policy, making it mandatory for public sector companies to procure 25%, instead of 20% of their total purchases, from MSEs including a special provision of 3% procurement for women entrepreneurs.

MSME Sambandh Portal : The Ministry of MSME had launched "MSME-SAMBANDH Portal". The portal helps in monitoring the procurement by Central Government Ministries, Departments and CPSEs and enables them to share the list of required products/services from MSEs. The portal features, inter alia, the following:-

- Total procurement of CPSEs;
- Monthly update of procurement by CPSEs from MSEs;
- Monthly update of procurement by CPSEs from MSEs owned by SC/ST and women;

- Reports for monitoring by heads of Ministries, Departments and CPSEs; and
- Items purchase by CPSEs.

MSME SAMPARK : A job portal called “MSME SAMPARK” has been launched during 2018. This portal is a digital platform wherein jobseekers (i.e. passed out trainees / students of MSME Tool Rooms & Technical Institutions) and recruiters can register themselves for mutually beneficial interaction.

Champions Portal : CHAMPIONS stands for Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength.

SPECIAL MEASURES UNDER AATMANIRBHAR BHARAT ABHIYAAN : The MSMEs formed a very prominent part of the announcements made under the Aatmanirbhar Bharat Abhiyaan. Under this package, the MSME sector has not only been given substantial allocation but has also been accorded priority in implementation of the measures to revive the economy. To provide immediate relief to MSME sector, various announcements have been made under the Package.

Skill Training Eco-system of Ministry of MSME : The Ministry has been organizing a number of skill development programmes/ courses for the existing & potential entrepreneurs, in order to build their capacity. These training courses are as per demands of industry, a pathway to fill up the gap of requirement of skilled workforce in the MSME sector in consonance with the changing landscape of the MSME Ecosystem and its present challenges in India. Skill training programmes are conducted by a network of institutions under the Ministry i.e. Khadi & Village Industry Commission (KVIC), Coir Board, National Small Industries Corporation Ltd. (NSIC), National Institutes for MSME (ni-msme) and MSME - Technology Centres (TCs).

SwachhtaPakhwada by Ministry of MSME : During the SwachhtaPakhwada, Ministry and its subordinate organizations namely, KVIC, NSIC, Coir Board, NIMSME, MGIRI, and MSME-DIs had taken up the task of regular sanitization of the office premises.

The MSMEs has made 12 key announcements in the support and outreach programme for MSMEs on 2nd November, 2018 for strengthening MSME sector. These 12 key announcements are aimed to address various challenges faced by MSMEs such as access to credit, market access, technology upgradation, ease of doing business, social security for employees of MSMEs etc.

Guaranteed Emergency Credit Line (GECL): Under the Guarantee Emergency Credit Line (GECL) scheme, during FY 2022-23, out of the total budgetary allocation of Rs. 15,000 crore, an amount of Rs. 7,500 crore has been released to the implementing agency, i.e. National Credit Guarantee Trust Company (NCGTC).

Government e-Market Place: Ministry of MSME is already making every attempt to encourage the MSMEs to get themselves onboarded on the GeM Portal, even by providing a button for the MSMEs in the Udyam Registration online form to enable them to express their willingness for joining GeM.

“MSME Pavilion” at India International Trade Fair (IITF), 2022 : This year, the MSME Pavilion had highest ever participation of women-owned enterprises (73%). Out of the total allocation, 7% were allocated to Divyang entrepreneurs, 12% allocation to SC (Male) entrepreneurs and 6% representing Aspirational Districts.

Products which were displayed covered 26 diversified sectors which inter alia include textiles, food, metallurgy, fragrance, toys, chemical, leather, footwear, plastic, rubber, stone, gem and jewellery, etc.

Special Campaign 2.0: Cleanliness Drive : The Ministry of Micro Small and Medium Enterprise (MSME) is giving special attention to institutionalizing Swachhata, including finalisation of campaign sites, sensitization of nodal officers, identification of pendency in identified categories, scrap disposal, and record management as per laid down procedures. The prime objective of the campaign is to ensure the disposal of pending matters

in government offices and Ministries and, further include strengthening internal monitoring mechanisms, training officers in the record management and digitization of the physical records for improved record management.

UDYAMI BHARAT : Hon'ble Prime Minister launched the 'Raising and Accelerating MSME Performance' (RAMP) scheme, 'Capacity Building of First-Time MSME Exporters' (CBFTE) scheme and new features of the 'Prime Minister's Employment Generation Programme' (PMEGP). He also digitally transferred assistance to beneficiaries of PMEGP for 2022-23; announced the winners of 'MSME Idea Hackathon-22' and issued Digital Equity Certificates to 75 MSME beneficiaries of Self Reliant India (SRI) Fund.

Azadi ka Amrit Mahotsav : The Ministry of MSMEs has organized various conclaves in different parts of the country such as MSME North-East Conclave, MSME Conclave at Gwahati, Sindhudurg, Churachadpur, Tanjore, Ahmedabad, Aizwal, National Coir Conclave, 2022, etc. to spread awareness regarding various schemes of M/o MSME for the benefit of weaker sections, SCs, STs, women and aspiring micro and small entrepreneurs of the country.

VI. CONCLUSION

This article has been concluded by reiterating that, the new classification The new classification has come into effect from 1st July, 2020. The earlier criteria of classification of MSMEs under MSMED Act, 2006 were based on investment in plant and machinery / equipment. It was different for manufacturing and service units. It was also very low in terms of financial limits. Since then, the economy has undergone significant changes. A revision in MSME criteria of classification was announced under Aatma Nirbhar Bharat package on 13th May, 2020. This has been done in order to be realistic with time and to

establish an objective system of classification and to provide ease of doing business.

Further, a new composite classification for manufacturing and service units has been notified on 26.06.2020, to facilitate the present and prospective entrepreneurs. Now, there will be no difference between manufacturing and service sectors. Also, a new criterion of turnover has been added in the previous criterion of classification based only on investment in plant and machinery. The new criteria are expected to bring about many benefits that will aid MSMEs to grow in size. It has also been decided that the turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium. This is yet another step towards ease of doing business. This will help in attracting investments and creating more jobs in the MSME sector. The change in criteria of classifying the MSMEs is set to offer major relief to the exporters.

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