

# Government Policies and the Development of MSMEs in India

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**Abstract:** *In the world of Globalization, micro, small and medium enterprises (MSMEs) play a critical factor is the system of production. Micro, small and medium enterprises (MSMEs) is a developed system around the world and is considered to be the backbone of the Indian economy. Government policies can affect the levels of entrepreneurial activities in many areas - regulatory, trade, labour market, regional development, social, and gender policies. It is an integrated approach to the development, and the implementation of the policy has been adopted to make the governments more horizontal structures. The performance of MSMEs in India and the relationship between the government policies, micro, small and medium enterprises (MSMEs) role in economic growth and employment generation in the Indian context is discussed in this paper.*

**Keywords:** MSMEs, enterprises, performance, economic growth, government policies, employment generation

## 1. Introduction

Micro, small and medium enterprises (MSMEs) represent a large number of companies and employment. Small and Medium Enterprises (SMEs) accounted for 90% of global trade. They are working more than 50% of the global workforce. Thus, MSME sector is growing and has a worldwide acclaim, Micro, Small and medium enterprises plays a catalyst role in the process of development of the economies. The process and the increased production, exports, employment and human resources, and the development of technological innovations and the development of entrepreneurial skills is reflected in the growing number.

Economic and social development of the micro, small and medium enterprises (MSMEs) in the role was well established. (Report of the Task Force on MSME, 2010) Economic growth, especially in planning, policymakers, politicians and the intelligence of the appropriate attention is given to the development of MSMEs. To increase industrial production, employment generation, industrial activity blast across regions and industrial segregation by promoting the development of MSME has successfully achieved the goals of multiple factors. (Gupta, 2006) (Banerjee, 2005) The MSME sector is a nursery of entrepreneurship, often personal creativity and innovation. This sector contributes 28.77 per cent of the country's GDP, 7.62 per cent of the growth rate of the economy. The MSMEs provide employment to about 1109.89 lakh of employment through 633.88 lakh of MSMEs. (As per the National Sample Survey (NSS) 73rd round survey 2015-2016)

### The objective of the study:

The purpose of this research article is:

- To examine the government policies for the MSMEs in India
- To analyse the growth and performance of the MSMEs in India in the present scenario
- To understand the opportunities for employment created by the MSMEs.

### Research Approach

Data collected from the secondary sources for the purpose of understand and examining the government policies for MSMEs, and the growth and performance of

entrepreneurship. The contents of historical data analysis, case studies of the companies, and reports of the sectors, articles, internet, websites, books, and magazines have been used.

## 2. Literature Review

(UNIDO, 1969) According to a study based on evidence from many developing countries, small companies and the significant investor in lower investment, higher productivity of capital in order to meet the enormous suggested more intensive enterprises.

(Garg, C, 1996) The study was Some of the policy issues in their research paper describe the development of SSI. Here is a large-scale and small-scale industry into industrial-scale resolutions were among the comparative analysis.

(Mali, 1998) Globalization, marketing, product diversification, infrastructure development, small and medium-sized companies in the technology of the current scenario (SMEs) and micro-enterprises face growing competition. In addition, new small and medium enterprises have to move from a slowly growing area to a higher growth area and create a strategic relationship with the neighbours of the neighbouring countries. The databank is also required on industries to guide manufacturing entrepreneurs, including investors from abroad.

(Tilley, 2000) SMEs small to large organizations and such business are not triggered by such criteria as their more extensive comparisons.

(Spence, 2003) In addition to size, SMEs legal form, sector, national context, historical development and organizational structures.

(Hashim, 2004) Provided insight into the strengths and weaknesses of small and medium-sized enterprises. SMEs need to streamline the process to reach their goals effectively.

(Sudhan F, 2005) Micro and Small Enterprises, different questions related to the Micro and Small Scale Enterprises Development to produce the said challenges and policy issues. The meaning of this study MSEs-Sector, the benefits,

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issues and policy options, it said. MSE is a dynamic sector of the policies chosen by the GOI and absorbs all of the new labour force expanded to provide a wide range of career opportunities in the study concluded that the placement efforts.

(Gupta, 2006), (Banerjee, 2005) MSME sector in the nursery of entrepreneurship, which is often driven by individual creativity and innovation.

(Rathod, 2007) Explained the importance of the small-scale industrial sector and the global economy, also said the contribution of small scale industries in India. The primary goal of the study is to identify the causes of success/failures to identify SSI sector growth and modelling and identify barriers and barriers that have been experiencing SSIs and export potential opportunity to cope with SSIs to analyse the effectiveness of globalization.

(Wynn, 2007) Among the problems with performance, not just a collection of successful appropriate question is why the performance of SMEs. There are also additional SME unsuccessful.

(Bhavani T, 2010) SSI will highlight the issue of employment and the quality and increase the production of high-quality work for a while refused to field. The author argues that the employment generation by SSIs may be high, but the quality of the investigation in the short term. Technological upgrades small enterprises provide employment, wage and skill improve. This is less likely to be able to run a short-term shift in employment, but in the long run to provide confirmation of the high-income job.

(Kongolo, 2010) Small and medium-sized enterprises (SMEs) sector is fast growing and developing, and growing economy in the world has become an important feature.

(Dixit, 2011) SMEs production, exports, employment, SME, and their constant investment and the number of Indian GDP, total exports from 2006-07 to 1973-74 and the employment relationship between the integrated analysis is applied to analyse the relationship. SMEs in their study between the output and Indian's GDPs, according to the reason for the positive.

(Garg, 2012) MSMEs brought a period of substantial growth overseas, the sector's gross domestic product (GDP), employment, export, technology OLS major donor of the Indian economy.

(Venkatesh, 2012) Industry, small and medium enterprises have been the rapid development of the role of SMEs, as a thrust area for future growth, they turned out to be made. They stressed the need to nurture the country's economic well-being for the SME sector. The performance of MSMEs in the Indian economy, the growth of this sector and the problems and motivating for continuing research.

(Afroz, 2014) The performance of the MSME, MSME and MSME's contribution and role of MSME, MSME's contribution and promotion of MSME and innovation with

the ability to create employment opportunities in India, describes the classification of MSME.

**Definitions of Micro, Small and Medium Enterprises Various countries**

Although the concept of universal MSME, MSME's in the right and the official definition is still a matter of debate. Different organizations and countries have developed different approaches to MSME, universal application that can be used, so it is challenging for the small business to create a single definition. MSME main criteria to define the number of employees, the turnover and the number of capital investments.

**Table1:** Shows the criteria for Defining MSME by New European Union

Criteria	Micro	Small	Medium
Max. Employees	09	49	250
Max. Annual Turnover	02 Million Euros	10 Million Euros	50 Million Euros
Balance Total	02 Million Euros	05 Million Euros	49 Million Euros

**Source:** SME definition User guide and model declaration, 2003

**Table 2:** Shows Australian Bureau of Statistics Criteria for Defining MSME Australia Bureau of Statistics

Criteria	Small	Medium	Large
Employees	Up to 99	100 to 199	More than 200

According to US Small Business Administration, Section 3 of Small Business Act 1953 Small business is independently owned and operated and is not essential to its operation in the field, USA, and its market share is based on the definition of MSE. The Small Business Act defines the standards of the industry is in the USA. Based on the number of employees in the United Kingdom, Canada, on the basis of income, some countries have made the distinction between legal and statistical definitions. The number of the recommendations of the European Union based on the legal definition of clients, annual turnover, annual balance sheet and independence, in the case of Italy and receives evidence of money hungry. Defined based on the number of employees in France.

**Definitions of Micro, Small and Medium Enterprises**

Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, according to the Micro, Small and Medium Enterprises (MSME) are classified into two categories:

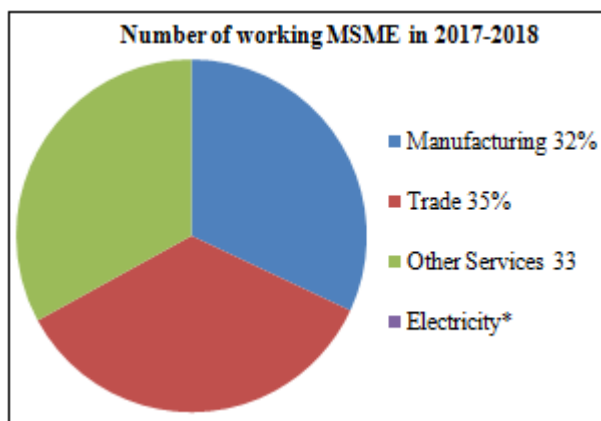
- 1) **Manufacturing Enterprises**-he enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and Regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprises are defined in terms of investment in Plant & Machinery.
- 2) **Service Enterprises**:-The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

**Table 3:** Showing Investment Ceiling for Plant, Machine and Equipment

Enterprises	Manufacturing	Services
Micro	Up to Rs. 25 lakhs	up to Rs. 10 lakhs
Small	Between Rs. 25 lakhs to Rs. 5 crores	Between Rs. 10 lakhs to Rs. 2 crores
Medium	Between Rs. 5 crores to Rs. 10 crores	Between Rs. 2 crores to Rs. 5 crores

Source: MSMED Act 2006

The below Graph describe the composition of the MSMEs in India. This Graph also highlights the decomposition of MSME units based on nature of activity. In the MSMEs as a whole, about 33% of enterprises are engaged in other services sector, 32% of enterprises are engaged in manufacturing, and a majority of enterprises are in the Trade space 35%



**Graph 1:** Number of working MSMEs in 2017-18

Source: MSMEs Annual Report 2017-18

**Government policies for the MSMEs Sector in India:**

Policymaking in the entrepreneurship sector is complicated and messy. Regulatory policies, trade policies, labour market policies, regional development policies, social policies, and gender policies – in various parts of the government policy to influence the level of entrepreneurial activity.

The prevailing attitudes towards entrepreneurship in the mix of the population, labour force structure, size and role of government, every level of entrepreneurial activity depends on a number of factors, including the prevalence and existing MSMEs. The evolution of the government's policy framework and support for a wide variety of activities are divided into the following three periods.

**1948-1991**

In all policy conclusions from 1948 to 1991, recognition was given to micro and small organizations, helping to ensure equal distribution of national income to expand employment opportunities, and capital and skills is an efficient tool for facilitating efficient equity of private sector resource. Micro, Small and Medium Industry Development Organization (Small Industries Development Organization (SIDO) called) in 1954, micro, small and medium enterprises with continuous and systematic development of a well-known organization. The next two years, the National Small Industries Corporation, the Khadi and Village Industries Commission and the coir Board also been set up. MSME-Development Institute (previously the Institute of Small

Industries Institute (SISI) is referred to as have been set up across India. Professionalism, technical skills and training of the youth and young adults have been given training. At the state level, the district industrial centres were set up across the country.

**1991-1999:**

The new policy for Small, Small and rural firms has set up a plan for government support during liberalization in 1991, attempting to replace competitiveness to increase MSEs more energy and development in the face of foreign competition and open market. Infrastructure, technology and improve the quality of ancillary activities are concentrated. Quality certification and a new device for the rooms, as well as sub-contract to set up diagnostic centers, have been established by the Exchange. Small Industries Development Bank of India (SID-BI) and a Technology Development and technical services for the modernization of the economy and speed up the creation of sector funds. Payment of MSEs to a Delay Payment Act an industrial infrastructure development IID scheme was launched for immediate payment and small industrial estate for small industries.

**1999- Onwards:**

This section focus on the development and promotion of the Ministry of MSME from 1999, came into existence. The announcement of the new policy in August 2000, a package of credit, infrastructure, technology, and marketing more effectively to resolve such problematic issues. MSE sector capital subsidy scheme was launched to encourage and promote the technology and small business, especially in the first generation of small, collateral-free loans to entrepreneurs, was started to provide a credit guarantee scheme. Central excise duty exemption limit of Rs 1 crore for relief from payment of (\$ 0.25 million) was introduced to help develop the market for increased and MSE. At the same time, an incentive has been conducted with the stakeholders and is assigned to the production of a list of products every year, which in turn reduced the MSE sector. In 2006, the long-awaited laws for this sector, the Micro, Small and Medium Enterprises Act became a reality. In March 2007, the micro and small businesses as a third package was announced, that the micro and small companies in the promotion and development of the direct influence of the proposals / schemes, particularly in the fast-changing economic environment point of view, crucial to the success of the competition (MSMEs in India in the Overview, 2007). Udyami Helpline with national toll-free number 1800-180-6763 was set up on 2010 based on the recommendation of Task Force set up by the Hon'ble Prime Minister to look into the problems of MSMEs. Strengthen communication among stakeholders, and with a view to improving service delivery capabilities, have initiatives: the first ISO 9001: 2008 quality standards, the Ministry of (the first), and the processes have been followed by M / s TUV India, and their processes have been certified. To achieve the paperless office has been introduced to the initiative of the Ministry of e-office. The movement began to change as well as e-files into electronic files, and physical files have already been digitalization (MSMEs Annual report2014-2015).

Some of the policy reforms for the MSMEs in India are as follows:

- National Manufacturing Competitiveness Council (NMCC), energy and manufacturing industry growth was established. Shipments of the new campaign for the MSMS, and focus on accelerating the development of clusters.
- Micro, Small and Medium Enterprises Development (MSMED) 2006 Act, which came into effect from October 2006 to promote the competitiveness of the MSME sector, to develop and deploy a single comprehensive law.
- Branches of banks and SIDBI loan and as a strategic alliance of 388 groups have been identified by the Ministry of SSI Small Enterprises Financial Center's (SEFC) plan to set up the new measures, the introduction of the revised strategy.
- MSME sector in India in the credit-cum-performance rating and financial support for the promotion of SMEs and easily facilitates the flow of credit from the banking sector.
- The National Commission for Enterprises in the Unorganized Sector (NCEUS) is set up as an advisory body and has improved the productivity of the companies, especially the large-scale employment opportunities on a consistent basis, even in rural areas to bring the informal sector watchdog.
- To facilitate the transfer of technology through the Technology Bureau for Small Enterprises (TBSE)
- Encourages initiatives to address various development tasks for MSMEs in the 11th Five Year Plan.
- The coverage is significantly expanded under the Credit Guarantee Fund for Small Enterprises (CGFSE)
- Credit Linked Capital Subsidy Scheme for Technologies Up gradation.
- The new law continues to be a liability partnership.
- ARI Ministry merges the SSI Ministry (India 60 & above, 2007).
- Micro and Small Enterprises (MSEs) Promotional Package: The Government had provided a significant publicity package in NCMP through challenging and trading liberalization of stiff competition, to enhance their competitiveness, and to increase their competitiveness in MSEs. Credit and Technology Up-grading, Marketing and infrastructural announced in industrial infrastructure to provide full support for upgrades.
- By memorandum Enterprises: MSMED Act 2006, section 8 of the Micro, Small and Medium Enterprises (MSMEs) by the Entrepreneurs Memorandum (EM) of the filling process is entirely in place.
- Delayed payments to the measures taken to discourage MSEs (MSME, 2007-08).
- Memoranda for Micro and Small Enterprises (MSEs) Authority to receive the notification, all the states of Meghalaya and Mizoram & UTs except MSEs (MSME, 2009-10) has been authorized for the nominating entrepreneur's memorandum receive notifications.
- MSME segment of the reservation and the reservation of production of the products - to achieve socio-economic development, improving technology and achieving economies.
- National Productivity Plan Competition - the persistence and ability to overcome the global competitiveness and

the healthy development consists of eight sections: incubator, intellectual property awareness, quality management, technology up gradation, marketing assistance, design expertise and ICT initiative.

- By applying the technology of public procurement tenders.
- E-governance - employment, a virtual cluster, the share of the database, B2B portal and mobile friendly website.

Major plan schemes implemented by the Ministry of MSME

**Table 4** Showing government Schemes

S no	Schemes
1	<b>Prime Minister Employment Generation Programme and Other Credit Support Schemes</b>
1.1	Prime Minister Employment Generation Programme (PMEGP)
1.2	Performance and Credit Rating Scheme
1.3	Credit Guarantee Trust Fund for Micro & Small Enterprises (CGT SME)
1.4	Interest Subsidy Eligibility Certificate (ISEC)
2	<b>Development of Khadi, Village and Coir Industries</b>
2.1	Science and Technology Scheme
2.2	Market Promotion & Development Scheme (MPDA)
2.3	Revamped Scheme of Fund for Regeneration of Traditional Industries (SFURTI)
2.4	Coir Vikas Yojana (CVY)
2.4.1	Coir Industry Technology Up gradation Scheme (CITUS)
2.4.2	Science and Technology (S&T) for Coir
2.4.3	Skill Up-gradation and Mahila Coir Yojana (MCY)
2.4.4	Export Market Promotion (EMP)
2.4.5	Domestic Market Promotion (DMP)
2.4.6	Trade and Industry Related Functional Support Services (TIRFSS)
2.4.7	Welfare Measures (Pradhan Mantri Suraksha Bima Yojana (PMSBY))
3	<b>Technology Up gradation and Quality Certification</b>
3.1	Financial Support to MSMEs in ZED Certification Scheme
3.2	A Scheme for promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)
3.3	National Manufacturing Competitiveness Programme (NMCP)
3.3.1	Credit Linked Capital Subsidy for Technology Up gradation (CLCSS)
3.3.2	ISO 9000/ISO 14001 Certification Reimbursement
3.3.3	Marketing Support/Assistance to MSMEs (Bar Code)
3.3.4	Lean Manufacturing Competitiveness for MSMEs
3.3.5	Design Clinic for Design Expertise to MSMEs
3.3.6	Technology and Quality Up gradation Support to MSMEs
3.3.7	Entrepreneurial and Managerial Development of SMEs through Incubators
3.3.8	Enabling Manufacturing Sector to be Competitive through QMS&QTT
3.3.9	Building Awareness on Intellectual Property Rights (IPR)
4	<b>Marketing Promotion Schemes</b>
4.1	International Cooperation
4.2	Marketing Assistance Scheme
4.3	Marketing Assistance & Technological Up gradation (MATU)
5	<b>Entrepreneurship and Skill Development Programme</b>
5.1	Assistance to Training Institutions (ATI)
6	<b>Infrastructure Development Programme</b>
6.1	Micro & Small Enterprises Cluster Development (MSE-CDP)

Source: <http://msmes.gov.in>.

**Growth and Performance of MSMEs**

According to the rules of law, the MSME s District Industries Centers (DIC s) at a entrepreneurs Memorandum to be filed. MSMED Act, 2006, before implementation, the DIC entered into the system by the small-scale industrial units. Micro, small and medium entrepreneurs in the category by the end of 2017-18, the DIC, those who filed their memorandum shows that for the last leaven years.

**Status of filing of Entrepreneurs**

**Table 5:** Showing Status of filing of Entrepreneurs Memorandum

Year	Micro	Small	Medium	Total
2007-08	1,56,051	17,777	491	1,74,319
2008-09	1,71,031	18,757	690	1,93,077
2009-10	1,86,126	23,999	1,412	2,13,894
2010-11	2,04,064	29,101	1,260	2,37,263
2011-12	2,42,606	34,192	2,939	2,82,496
2012-13	2,75,867	41,502	5,449	3,22,818
2013-14	2,96,526	59,127	7,338	3,62,991
2014-15	3,46,206	70,933	8,219	4,25,358
2015-16	1,15,540	14,582	571	2,17,854
2016-17	2,22,3,673	2,28,008	8781	24,60,462
2017-18	34,88,624	3,91,804	15,317	38,95,745
<b>AVG</b>	<b>5,48,264</b>	<b>84,526</b>	<b>4769.727</b>	<b>8,56,842</b>
<b>CAGR</b>	<b>36.44%</b>	<b>36.24%</b>	<b>41.06%</b>	<b>36.43%</b>

Source: <https://msme.gov.in>

The average growths of Micro, Small and Medium enterprises are 5,48,264 , 84,526 and 4769.77 respectively, with overall average growth rate of 36.43%. The maximum growth was witnessed by Medium enterprises, i.e. 41.06% in the year of 2017-18, there were 84,526 Small Scale enterprises with an annual growth rate of 36.24%. As per the National Sample Survey (NSS) 73rd round, conducted by National Sample Survey.

**Growth and Performance of MSME, Employment and Investments:**

**Table 6:** Showing Total Working Enterprises, Employment and Market Value of Fixed Assets

Year	Total Working Enterprise (In Lakh)	Employment (InLakh)	Market Value of Fixed Assets (In Crore)	MSMEs in the GDP (%)
2006-07	361.75	805.23	868543.79	35.13
2007-08	377.37	842.00	920459.84	35.41
2008-09	393.70	880.84	977114.72	36.12
2009-10	410.82	921.79	1038546.08	36.05
2010-11	428.73	965.15	1105934.09	36.69
2011-12	447.64	1011.69	1182757.64	37.97
2012-13	467.54	1061.4	1268763.67	37.54
2013-14	488.46	1114.29	1363700.54	38.12
2014-15	510.57	1171.32	1471912.94	39.12
2015-16	633.88	11093.89	1582200.15	39.98
<b>AVG</b>	<b>452.046</b>	<b>1986.76</b>	<b>1177993.346</b>	<b>37.213</b>
<b>CAGR</b>	<b>5.85%</b>	<b>29.9%</b>	<b>6.21%</b>	<b>1.3%</b>

Source: MSMEs Annual Reports

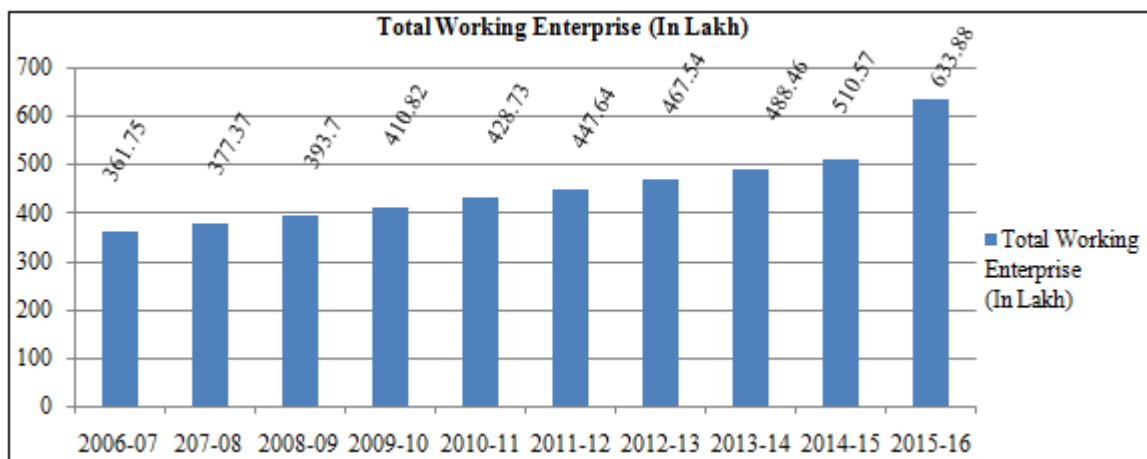
Note:

AVG- Average

CAGR: Compound annual growth rate

The average growth rate of Working Enterprises, Employment, Market Value of Fixed Assets and MSME in GDP are 452.04, 1986.76, 1177993.35 and 37.21 respectively, Compound annual growth rate of Working Enterprises, Employment, Market Value of Fixed Assets and MSME in GDP are 5.85%, 29.9%, 6.21% and 1.3%

**Growth and Performance of Working Enterprises**



**Graph 2:** Growth of MSME Working Enterprise in India (in Lakh)

Source: MSMEs Annual Reports 2015-16, 2017-18

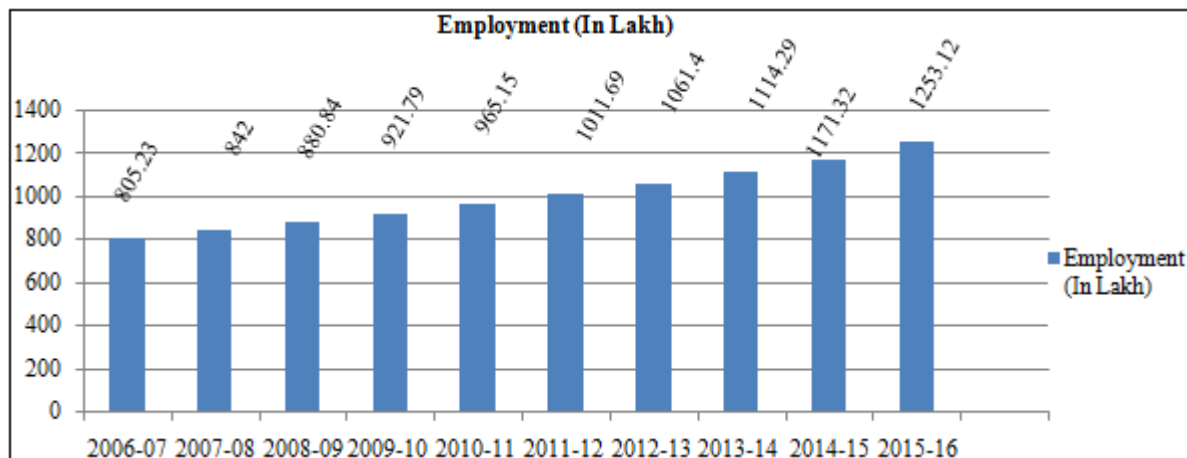
The above indicates that the last leaven years MSMEs working enterprises in India. After Implementation of the MSMED Act 2006, the number of working enterprises significantly increased. In 2006-07 the number of working enterprises was 361.75 Million which increased to 633.88 Million in 2015-2016, the average growth rate in the number of units during this period was 4.57%.

**Growth and performance of employment:**

The presence of a labour force of nature, a unique contribution to the creation of employment in rural areas and industrial networks MSMEs. Based on the knowledge of traditional skills and nurtures small and cottage industries. A legacy of the workers and the transfer of skills from generation to generation. Handicrafts and other products produced by this sector, which is in high demand on the

market. MSMEs are a good source of employment generation and technology sector, support regarding capital and innovative marketing techniques such as infusion if it gets to be too much. In this context, there is a need to study

employed by MSMEs in India. Presents the growth of employment in MSMEs in India during the past ten years, i.e. from the financial year 2006 to 2015.



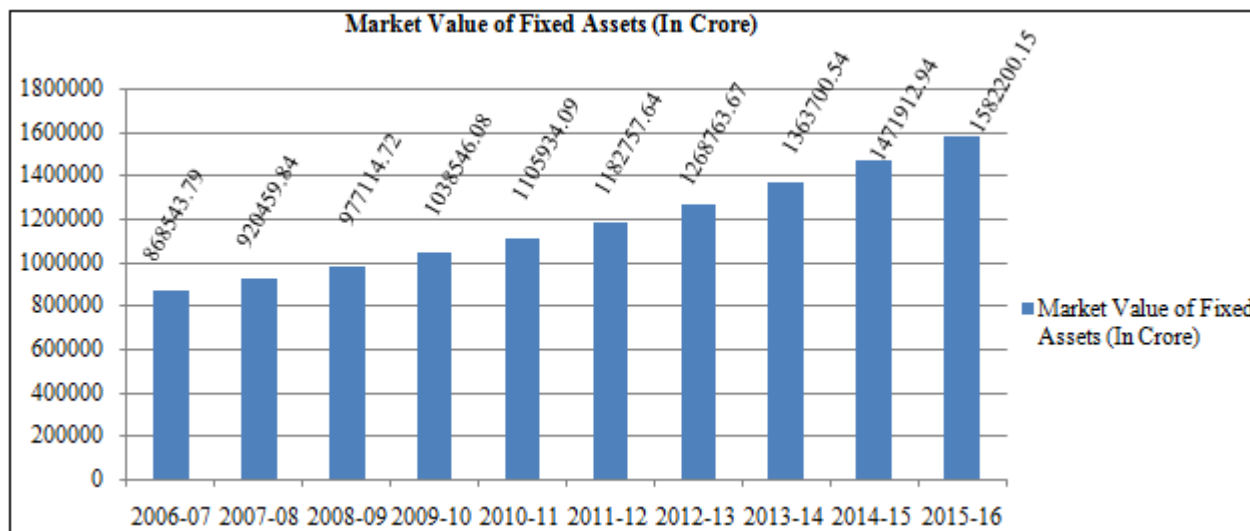
Graph 3: Growth and performance of MSME Employment (in Lakh)

Source: MSMEs Annual Reports

The above graph indicates that the employees in MSMEs increased during the last eleven years. In the financial year 2007-08, 805.23 lakh employees are worked in MSMEs, and it has increased 1253.12 lakh employees in the year 2015-16. The employment has grown three times in a span of eleven years. This indicates that the contribution of MSMEs has been much higher as compared to the overall industrial sector in India. The father of the nation, Mahatma Gandhiji said that the small and micro enterprises are the backbone of the Indian industrial sector.

**Growth and performance of the Market Value of Fixed Assets:**

The Indian economy has been holding true sayings of Father of the Nation. Therefore, the central and state governments to give priority to the development of this sector in the fall to compete with them. Before globalization, the MSME sector is highly secured. Suddenly, after the globalization, many such security measures have been withdrawn and have to fight for their existence. The competitiveness of the domestic and international market and bring better performance. Graph-00 presents the Market Value of Fixed Assets of MSMEs in India during the past ten years. From the financial year 2006 to 2015.



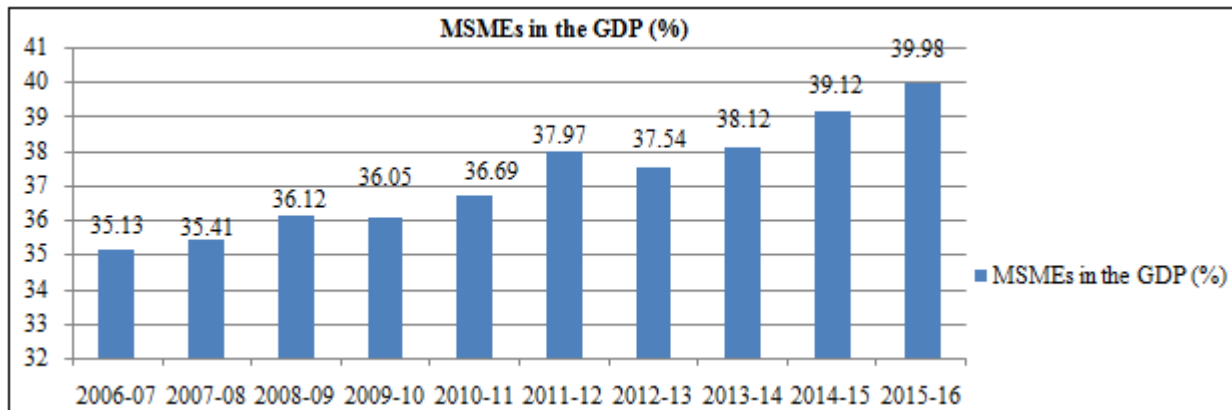
Graph 4: Growth and Performance of MSME Market Value of Fixed Assets (in Crore)

Source: MSME Annual Reports

Above graph indicates that the market value of fixed assets of MSMEs increased from 868543.79 crores in the financial years 2006-07 to 1582200.15 Crores in the fiscal years 2015-16. The fixed asset has grown six times in a span of ten years.

**The contribution of MSMEs in the GDP Growth:**

As per the revised methodology suggested by CSO( Central Statistical Office), on the basis of the data on Gross Domestic Product (GDP) published by CSO, the estimated contribution of MSMEs to GDP, during the year 2006-07 to 2015-16.



**Graph 5: MSMEs in GDP 2006-16**  
 Sources: MSMEs Annual reports

The graph represents the share of Indian GDP per cent from the last ten years of MSME sector share. From the financial year 2006-07 to 2015-16. The contribution of MSME sector total GDP share 35.13% in 2006-07 and it has increased to 39.93% in the year 2015-16.

**Role of MSMEs in the Indian Economy:**

Micro, Small and Medium Enterprises (MSMEs) have contributed significantly to the expansion of the business

through innovation, entrepreneurial endeavours. MSMEs, as well as to meet the demands of the global markets, the domestic production of a variety of products and services, financial sectors are expanding their domain. As per the data available with Central Statistics Office (CSO), Ministry of Statistical and Programme Implementation, the contribution of MSME sector in country's Gross Value Added (GVA) and Gross Domestic Product (GDP), at current prices for the last five years is as below.

**Table 7: Contribution of MSMEs in Country's Economy at the Current price**

(Figures in Rs. Crores adjusted for FISIM at current price)						
Year	MSME GVA	Growth (%)	Total GAV	Share of MSME in GVA(%)	Total GDP	Share of MSME in GDP (%)
211-12	2583263	-	8106946	31.86	8736329	29.57
2012-13	2977623	15.27	9202692	32.36	9944013	29.94
2013-14	3343009	12.27	10363153	32.26	11233522	29.76
2014-15	3658196	9.43	11481794	31.86	12445128	29.39
2015-16	3936788	7.62	12458642	31.60	13682035	28.77

Source: MSMEs, Central Statistics Office (CSO)

Note:

MSME- Micro Small and Medium enterprises

GVA- Gross Value Added

GDP- Gross Domestic Product

**Comparative Analysis between Fourth All India MSME Census (2006-07) and NSS73rd Round (2015-16)**

Comprehensive information on the MSME Sector can be obtained from both Fourth all India MSME Census was held in 2006-07 and the NSS 73rd Round (2015-16). Being held almost 10 years' time gap, a comparison of the two sets of results can capture the growth of the basic parameters of the MSME Sector over a decade.

**Table 8: Growth of MSME (in lakh)**

Parameter	NSS 73 <sup>rd</sup> Round, 2015-16	Fourth All India Census of MSMEs, 2006-07	Annual Compound Growth Rate (%)
<b>No. of MSMEs (Total)</b>	<b>633.88</b>	<b>361.76</b>	<b>6.43</b>
Manufacturing	196.65	115.00	6.14
Services	437.23	246.76	6.56
<b>Employment (Total)</b>	<b>1109.89</b>	<b>805.24</b>	<b>3.63</b>
Manufacturing	360.42	320.03	1.33
Services	749.47	485.231	4.95

Source: MSMEs Annual Reports 2017-18.

**3. Conclusion**

MSMEs have an important role in Indian economic growth as they are the most critical factor in in both domestic and international trade. They have emerged as a powerful and dynamic part of the economy by their substantial contribution to GDP, industrial production and exports. In this context, it is important to examine the role of MSMEs by their significant contribution to the economy have emerged as a powerful and dynamic. It is, therefore, careful decisions' and MSME sector to overcome the difficulties and achieve the goals set in the field is imperative on the part of the government to implement the policy. MSMED Act 2006 is one of the extraordinary measures taken by the government to raise MSME units.

The public policy should promote MSMEs to help them maximize their efficiency and competitiveness in the market-driven economy. Policy framework, incentives and other related aids in terms of its growth and for the development of adequate support to get and good infrastructure, providing MSME cluster development programs under the various industrial parks and technology

incubators development helps organizations of networks, such as creating supportive of skilled labour, education, productivity improvement funding for R & D investment, entrepreneurship and competence in management, encourage the development of technology that can work for the betterment of the sector. However, the Department of MSME, Government decisions and decisive decisions, to take the steps necessary, to be honest.

Analysis of performance of MSMEs in India reveals that MSMEs have performed well over the years. Analyzing the data from the year 2006-07 to 2015-16, clearly indicated that the MSME sector has grown since this Act came into effect. The total number of units has shown compound annual growth rate (CAGR) is 19.42 % over the last 8 years. Employment under this sector has also shown a growth rate of 18.82%. Similarly, Market value of fixed assets has reflected a growth rate of 30%. To sum it up, it is quite evident that the MSMED Act, 2006 has had a positive impact on the growth of small industries and has benefited this sector with various facilities under the Act. Institutional framework and policy specifications are essential factors in helping the evolution and success of MSMEs.

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