



MSMEs strengthen India's Journey towards Viksit Bharat

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Over 63 million MSMEs across the country signify the importance of this sector in India's journey towards Viksit Bharat.

India's Micro, Small, and Medium Enterprises (MSMEs) are vital pillars of the country's socio-economic development. MSMEs not only form the backbone of India's economic structure but also act as an engine of growth, innovation, and job creation in the country. They serve as a crucial driver for inclusive development, particularly in semi-urban and rural regions, ensuring economic upliftment and reducing poverty.

The growing prominence of MSMEs in India has had a profound impact on the economy. Ranging from small-scale family-run operations to nascent multinational corporations, MSMEs are immensely contributing for job creation, fostering innovation, and supporting India's export capabilities. The transformation of MSMEs from small players to significant contributors in international trade is a testament to their resilience and adaptability.

Globally, MSMEs have emerged as one of the most significant sectors in both developed and developing countries. In the United States, United Kingdom, Germany, and Japan, small-scale industries have long been considered the driving force behind their economies.

MSMEs in India are classified based on investment in Plant and Machinery or Equipment and Annual Turnover. Micro enterprises have investments up to Rs. 1 crore and turnovers up to Rs. 5 crore. Small enterprises have investments up to Rs. 10 crore and turnovers up to Rs. 50 crore. Medium enterprises are defined by investments up to Rs. 50 crore and turnovers up to Rs. 250 crore.

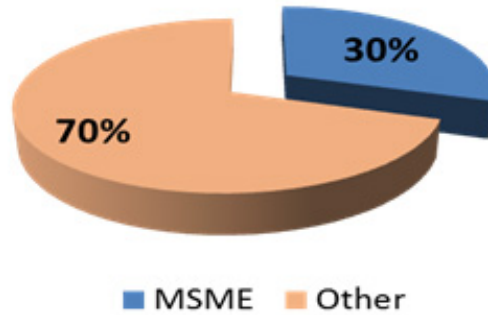
MSMEs' Contribution to India's GDP and Employment

MSMEs contribute around 30% of India's Gross Domestic Product (GDP), this highlights the immense economic potential of small and medium enterprises, particularly in sectors like manufacturing, services, and trade. Within the manufacturing sector, MSMEs contribute approximately 33% to the Gross Value Added (GVA), further underlining their critical role in India's industrial growth.

MSMEs account for a substantial share of India's export earnings, contributing nearly 49% of the country's total exports. This demonstrates not only their domestic importance but also their role in positioning India as a global player in trade. The expansion of India's MSMEs into international markets has fostered innovation, improved productivity, and heightened competitiveness, thereby strengthening the country's economic presence on the global stage.

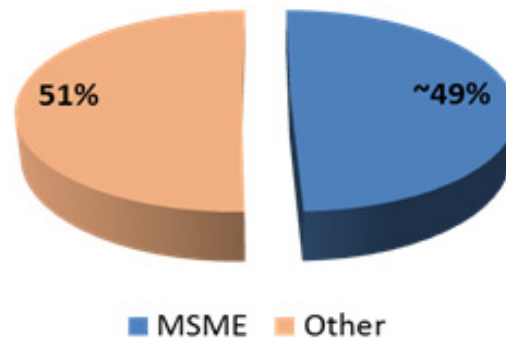
Share of MSMEs in India's GDP (%)

Share of MSMEs in GDP



Share of MSMEs in India's Exports (%)

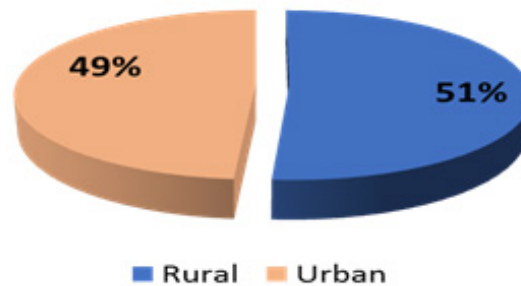
Share of MSMEs in Exports



India's MSMEs provide direct employment to 111 million people, making it one of the largest employers in the country. With approximately 49% of MSMEs located in rural areas and the remaining 51% in urban areas, MSMEs have played a pivotal role in bridging the urban-rural divide, offering substantial livelihood opportunities to people across the country. These employment opportunities are critical in alleviating poverty and reducing unemployment, particularly in the wake of the rapid demographic changes India is undergoing, with a growing young population.

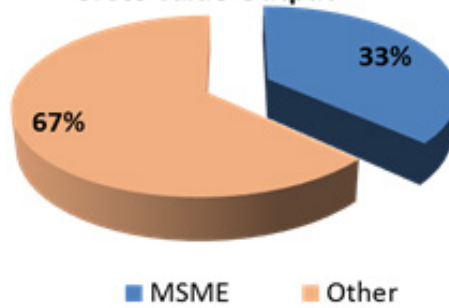
Number of MSMEs in India

Total Number of MSMEs (634 Lakh) by Region



Share of MSMEs in manufacturing

Share of MSMEs in Manufacturing Gross Value Output



Driving innovation and entrepreneurship

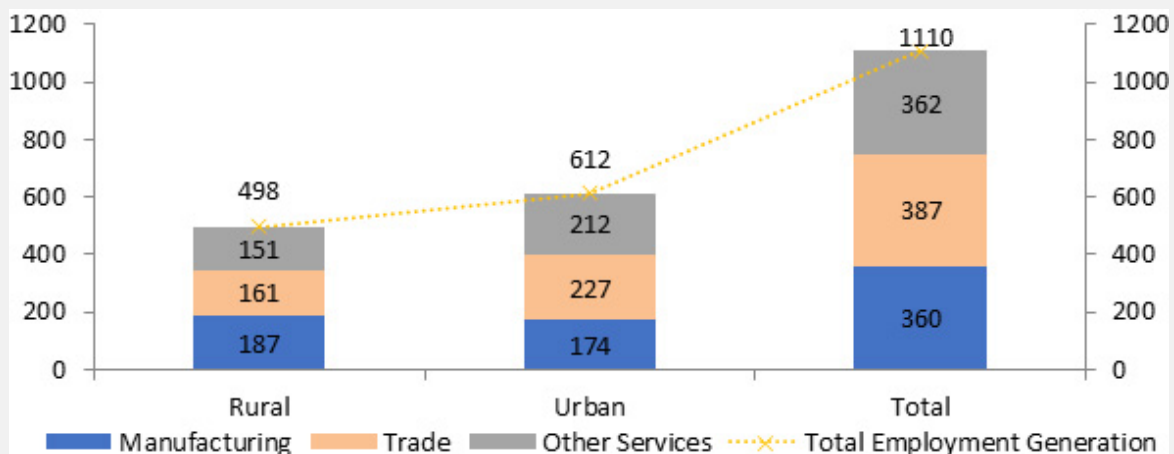
MSMEs in India are not just job creators; they are also engines of innovation and creativity. These enterprises often operate in niche markets and explore new technologies and methods to become more and more competitive. Whether it's a small manufacturing unit developing innovative production techniques or a tech startup providing cutting-edge digital services, MSMEs foster a culture of entrepreneurship and innovation that drives India's economic growth trajectory. MSMEs agility and flexibility in adapting to market demands and technological changes make them indispensable to India's evolving economic landscape.

Many MSMEs, particularly in urban areas, have embraced the digital revolution, shifting from traditional business models to online platforms, which has expanded their reach and customer base. This adaptation has also allowed them to tap into international markets, thus playing an instrumental role in the global outreach of Indian economy.

Skill development and capacity building

The growth of India's MSME sector has also had a significant impact on skill development. To maintain their competitive edge, MSMEs invest in skill enhancement and capacity building, which not only improves their productivity but also creates a more skilled workforce. The Ministry of Micro, Small, and Medium Enterprises (MSME) has been instrumental in facilitating this process, offering various training programs aimed at both wage employment and self-employment. These initiatives focus on upgrading the skills of young people, aspiring entrepreneurs, and existing MSMEs, helping them meet the changing demands of the market.

Employment Generation by MSMEs in India (in Lakhs)



In addition to entrepreneurship training, specialized programs are tailored to the unique needs of different industries. By offering targeted skill development courses, MSMEs are not only creating new jobs but are also enhancing the employability in the country. This emphasis on skill development and professional growth would go a long way to strengthen India's MSME sector and its ability to drive economic growth trajectory and fostering innovations in the enterprises.

MSMEs reduce regional disparities

One of the most significant advantages of MSMEs is their ability to reduce regional economic imbalances as these are spread across both urban and rural regions, ensuring that economic growth reaches every corner of the country. By providing employment and generating income in rural areas, MSMEs help curb migration to cities, thus maintaining the socio-economic balance and help in reducing the stress on urban infrastructure.

Additionally, MSMEs create opportunities for local entrepreneurship, enabling communities to tap into their unique resources, talents, and traditions. In this scenario, MSMEs act as an instrument of social transformation, empowering people from various backgrounds to become job creators rather than job seekers. This decentralization of economic power plays a key role in ensuring that economic benefits are equitably distributed, helping India achieve balanced regional development and an all-inclusive growth, going forward.

Government support and policy framework

The government's support for MSMEs has been crucial in their growth and development. Various initiatives, such as the Prime Minister's Employment Generation Programme (PMEGP) and the Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE), have provided financial assistance, technical support, and training to MSMEs across the country. These initiatives have helped MSMEs access credit, technology, and resources, allowing them to scale up their operations and compete globally.

Furthermore, the government's focus on easing regulatory barriers, promoting digitalization, and fostering a favorable business environment has played a significant role in the MSME sector's development. By implementing measures to simplify business processes, reduce compliance burdens, and improve access to finance, the government has created a supportive ecosystem for the growth of MSMEs.

MSMEs Global Outlook

As India moves toward its vision of becoming a developed nation by 2047, MSMEs will play a critical role in achieving this goal. By engaging in international trade and tapping into global markets, MSMEs will help expand India's economic outreach worldwide. This global outreach will allow Indian businesses to diversify their revenue streams, gain access to new technologies, and learn from best practices around the world. Additionally, increased international exposure will enhance the competitiveness of Indian MSMEs, ultimately contributing to the country's economic resilience.

The integration of MSMEs into global supply chains will help India to participate more actively in the global economy by enhancing bilateral trade relations with other nations. As India's MSMEs continue to evolve and grow, they will play an essential role in the country's transformation into a major economic powerhouse.

In conclusions, MSMEs are a cornerstone of India's economic development and will play a pivotal role in the country's journey toward Viksit Bharat by 2047. Their contributions to job creation, innovation, skill development, and regional development are indispensable to achieving inclusive growth. As the sector continues to evolve, it will be crucial for

the government, industry stakeholders, and entrepreneurs to collaborate and harness the full potential of MSMEs. With continued support, access to capital, and enhanced global outreach, India's MSME sector will undoubtedly remain a key driver of economic growth and social transformation in the coming times.

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