



"AN ANALYSIS ON THE ENDOWMENT OF MSME's TO THE DEVELOPMENT OF INDIAN AND GLOBAL ECONOMY"

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ABSTRACT:

The review's objective was to assess MSMEs' contribution to the Indian economy as well as the global economy. Further data was acquired for the research. Using Microsoft Succeed, the data was subjectively reviewed and presented as tables and figures. The analysis of the gathered data confirmed that MSMEs serve as a catalyst for the fair distribution of progress and abundance in the nation. The provinces of Uttar Pradesh, West Bengal, Tamil Nadu, Maharashtra, Karnataka, Bihar, Andhra Pradesh, Gujarat, Rajasthan, and Madhya Pradesh were found to have the highest concentration of MSMEs, despite the fact that other states and associate areas have their share of MSMEs. The findings once more demonstrated that MSMEs that take part in exchange exercises control the market. Similarly to this, 49% of Indian MSMEs are located in metropolitan urban areas, while 51% are located in provincial regions. It is impossible to discuss the consistent growth of the Indian economy without mentioning the MSMEs' dedication. As much as between 40 and 50 percent of all the goods produced in India come from the MSMEs sector. Again, the MSME sector typically contributes 30% of India's GDP (Gross Domestic Product) and 32% of its Gross Worth Added (GVA). Almost 40% of the total number of enterprises operating in the nation during the review period are attributed to the MSME sector.



KEYWORDS: MSMEs, Globalization, GDP, Employment, Economy, India.

INTRODUCTION:

Globalization is a term, which is comprehensively used to depict the developing relationship of the world's economies, populaces, and societies achieved by cross-line exchange of labor and products, innovation, and stream of speculation, individuals, and data. Countries all over the planet have assembled monetary organizations to help these developments throughout the hundreds of years however the term globalization became well known after the 1990 virus war. The wide-reach impacts of globalization help the overall society wiles it hurts specific gatherings of the general public. It is subsequently vital to comprehend the relative expense and advantages of globalization to clear the way for the mitigation of the issues to support the more extensive result. From the meaning of Globalization, clearly, globalization presents the accompanying open doors to MSMEs:

- Decrease of exchange hindrances to allow free progression of labor and products among countries
- Production of an empowering climate with the expectation of complimentary progression of capital among country states

- Production of empowering climate for innovation move
- Production of empowering climate with the expectation of complimentary development of workforce across borders

Miniature, Little, and Medium Ventures assume a vital part in the improvement of the economies of both creating and creating nations across the globe. MSMEs act as the nurseries for business ventures and advancement in India. Considering the abovementioned, the public authority of India with the plan to advance the turn of events and development of Images has made a service exclusively liable for Miniature, Little, and Medium endeavors. The MSMEs in India are scattered across the length and broadness of India, and produce north of 6000 assortments of items and administrations to satisfy the needs of the nearby as well as the worldwide business sectors and coordinate into the homegrown and worldwide worth chain. The MSME area has developed as a strong motor of India's monetary development, which contributes around 45% of the all-out trades from India (MSME Insider, Jan. 2019).

MSMEs have turned into the core of modern unrest in India. India has in excess of 63 million MSMEs the nation over, which represent 45% of every single contemporary creation and 30.5% of the administration area and utilizes around 110 million individuals. The MSME area has helped decreased development incongruities at both territorial and rustic metropolitan levels. It is not unexpected that the MSME area has turned into the impetus for helping and pushing the financial change plan of the country. India's ongoing economy as per IMF is the sixth biggest on the planet with a size of \$2.6 trillion. It is supposed to reach \$5 trillion continuously in 2025 of which MSMEs can possibly go about as a motor for development in accomplishing this objective.

MSMED Act 2006:

The MSMED Act 2006 was established to advance and foster the seriousness of miniature, little, and medium endeavors. The Demonstration, which became operational on the second day of October 2006, has been the most helpful Demonstration of all past Demonstrations that has prior been carried out. The MSME improvement Act commanded the foundation of a Public Leading group of MSMEs with the clear liability of managing and controlling the advancement of the MSMEs in the country. The capability of the board is to prepare business visionaries, oversee bunch advancement, foster foundation, and elevate monetary admittance to the area. Another extremely huge handiness of the MSMED Act 2006 is the expulsion of the awkward enlistment techniques making it simpler for all unregistered MSMEs to select into the standard.

The MSMED Act obviously separates manufacturing ventures from administrative undertakings in view of speculation roofs. The Demonstration was executed with the target to:

- Upgrade the seriousness of the MSME area in the worldwide market
- Work with the general improvement of the MSME area in the nation and
- Center around undeniably related issues to the MSME area.

Organization of MSMEs:

The medium class hadn't ever been clearly defined before the Miniature, Small, and Medium Ventures Act was passed in October 2006. As indicated by the arrangement of miniature, little and medium endeavors advancement (MSMED) Act 2006, MSMEs are characterized into two principal classifications to be specific:

Assembling ventures and Administration undertakings.

- ***Fabricating ventures:*** these are undertakings that participate in the assembling or creation of merchandise connected with any industry determined in the primary timetable to the businesses (improvement and guideline Act, 1957) or utilizing plant and hardware during the time spent esteem expansion to the end result having an exceptional name or character or use. The assembling

endeavors are characterized in view of interest in plant and hardware. Table 1 represents the different meanings of the assembling undertakings.

Table 1: classifies the manufacturing sector.

Enterprises	Investment in Plant and Machinery
Micro enterprises	If the investment does not exceed 25lakhs rupees
Small enterprises	If the investment is more than 25lakhs but does not exceed 5crores
Medium enterprises	If the investment is more than 5crores but does not exceed 10crores

Source: Ministry of MEMEs

- **Administrations Endeavors:** these are ventures that participated in the arrangement and delivery of administrations that are characterized in light of interest in hardware. Table 2 underneath shows the different arrangements of the administration's area

Table 2: Classifications of the Services Sector

Enterprises	Investment in Equipment
Micro enterprises	If the investment does not exceed 10lakhs rupees
Small enterprises	More than 10lakhs investment but does not exceed 2crores
Medium enterprises	More than 2crores investment but does not exceed 5crores

Source: Ministry of MEMEs

The Difficulties of MSMEs:

The micro, little, and medium-scale endeavors in India regardless of their example of overcoming adversity actually have various imperatives they face in running their ventures which thwart them from contending all around the world. Several of the major problems that Indian MSMEs deal with are minimized, including:

- **Subsidizing:** Admittance to back has been a significant prevention to the development capacities of Indian MSMEs. Admittance to credit has forever been a migraine for these ventures as they for the most part don't meet the credit necessities of the banks. The miniature and little endeavors specifically are generally sole ownership adventures and needed to depend on their own capital or rely upon cash moneylenders who charge over-the-top rates.
- **High importation levies on unrefined components:** A significant number of Indian MSMEs depend on imported natural substances for creation however the duties slapped on these products are exceptionally high regardless of the 1990s import progression. Unrefined components, for example, non-ferrous metals, plastics, copper, steel, papers, modern synthetic compounds, and so on, still draw in high levies contrasted with fabricated products (Chandraiah and Vain, 2014).
- **Infrastructural issues:** It's undeniably true that infrastructural imperative is important for the various issues looked at by MSMEs in India. An exploration led by Keshap Das and Sebastian Morris (as referred to by Chandraiah and Vani, 2014) shows that out of 1063 endeavors 716 addressing 67.4% of the respondents had infrastructural issues. The power supply is the serious issue of these

endeavors as they exclusively rely upon state-created power, which periodically is not normal and satisfactory. Another key issue they face is transportation and correspondence. Most firms in the assembling of medications and prescriptions, paints and evaporates, drinks, and printing and distributing expressed that lacking water supply was an issue to them.

- **Rivalry:** The miniature, little and medium scale endeavors are typically faced with wild contests from bigger firms of both nearby and unfamiliar beginnings which utilizations advance innovations, furnished with the administrative capacities, specialized ability, great completed items, and showcasing advantage.

The Government Strategies for MSMEs advancement:

The Government of India in the bid to become the MSME area has left a large group of drives to eliminate all bottlenecks influencing the area. The vital rationale behind these drives was to change India into a worldwide plan and assemble a center point in the sub-area. Among these drives are Make-In-India and Advanced India. The Make-In-India was sent off in September 2014 alongside another arrangement of country-building drives. The Make-In-India drive gives the system to a huge measure of specialized data on 25 industry areas and contacts a tremendous crowd through virtual entertainment at both nearby and worldwide front, which continually gives refreshes about valuable open doors and changes.

Computerized India drives then again gives a sufficient open door to MSMEs' advancement and more prominent cooperation of MSMEs in the ICT area. The advanced change worked with the development of globalization, which presents new open doors for the MSMEs to accumulate their own market insight, spread scales without mass and approach worldwide business sectors, and gain information networks at a reasonable expense. Advanced India furnishes business visionaries with new chances to help their opposition in both nearby and worldwide business sectors through items and administration development.

The service of Miniature, Little, and Medium Scale endeavors has made various strides in the advancement of the MSMEs area. A portion of these incorporate making accessible credit offices for the mechanical up degree, stand up India, MUDRA, offering quality improvement and showcasing support, expanded inclusion of credit ensure reserve for MSMEs and higher credit limits given by the banks has enhanced their credit backing to them.

OBJECTIVES:

The wide level headed of the review is to survey the commitment of MSMEs to the monetary development of India. In particular, the review looks to:

1. To study the commitment of MSMEs to the Gross domestic product development of India
2. To analyze the commitment of MSMEs to work creation in India
3. To check the commitment of MSMEs to India's product

RESEARCH METHODOLOGY:

The review utilized optional information, which was gathered from different sources including yearly reports of service of miniature, little and medium undertakings, site of service of measurements and program execution, and diaries. Information on the conveyance of MSMEs in the country, the quantity of work made by the MSME business, and the development and execution marks of the area were gathered for examination.

DATA INTERPRETATION:

Nationwide Appropriation of MSMEs:

Table 3 and Fig.1 underneath shows the nationwide appropriation of MSMEs. It is seen from Fig.1 that the territory of Uttar Pradesh has the largest number of MSMEs in the country with 89.99 lakhs undertakings followed by West Bengal, which followed intimately with 88.67 lakhs. Tamil Nadu, Maharashtra, and Karnataka followed with 49.48 lakhs, 47.78 lakhs, and 38.34 lakhs separately.

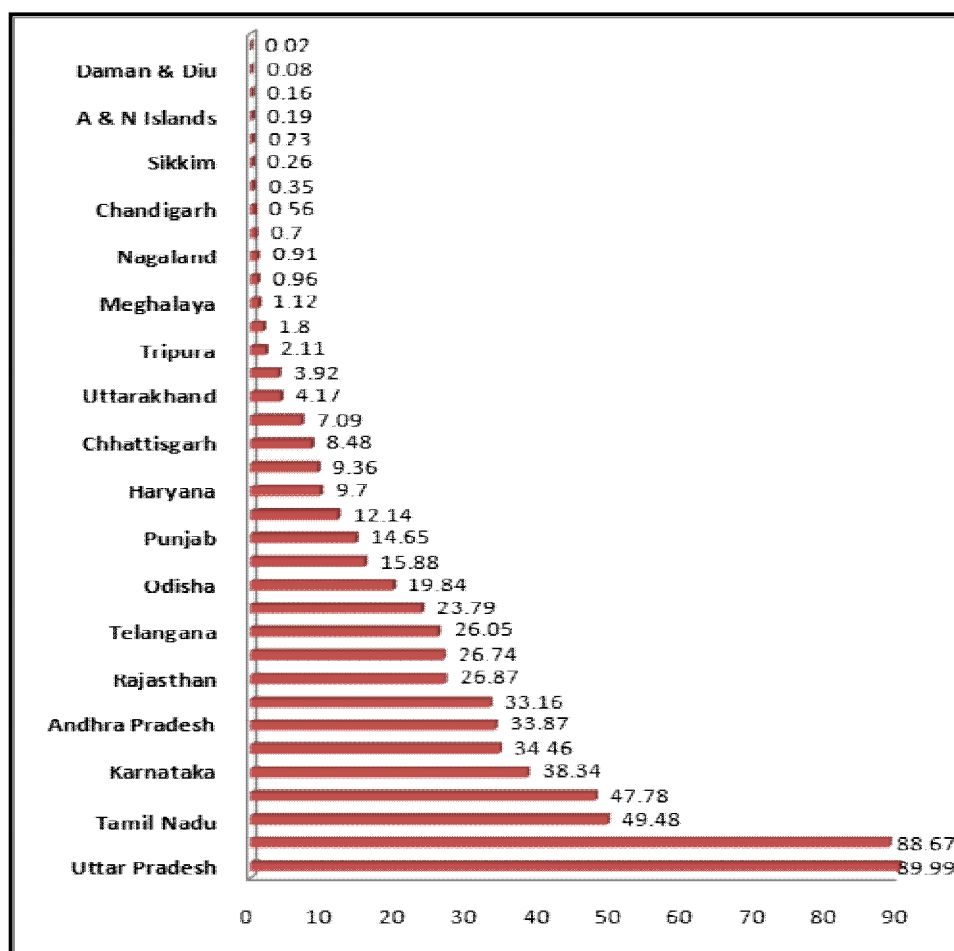
Following closely after with 34.46 lakhs, 33.87 lakhs, and 33.16 lakhs, respectively, were Bihar, Andhra Pradesh, and Gujarat. Puducherry, Nagaland, Goa, Chandigarh, Mizoram, Sikkim, Arunachal Pradesh, Andaman and Nicobar Islands, Dadra and Nagar Haveli, Daman and Diu, and Lakshadweep, have under 1lakh units of MSMEs.

Table 3: shows the breakdown of MSMEs per state (NSS 73rd Round)

SI. No.	State/ Union Territory	Micro (Lakhs)	Small (Lakhs)	Medium (Lakhs)	Total MSMEs (Lakhs)
1	Andhra Pradesh	33.74	0.13	0.00	33.87
2	Arunachal Pradesh	0.22	0.00	0.00	0.23
3	Assam	12.10	0.04	0.00	12.14
4	Bihar	34.41	0.04	0.00	34.46
5	Chhattisgarh	8.45	0.03	0.00	8.48
6	Delhi	9.25	0.11	0.00	9.36
7	Goa	0.70	0.00	0.00	0.70
8	Gujarat	32.67	0.50	0.00	33.16
9	Haryana	9.53	0.17	0.00	9.70
10	Himachal Pradesh	3.86	0.06	0.00	3.92
11	Jammu & Kashmir	7.06	0.03	0.00	7.09
12	Jharkhand	15.78	0.10	0.00	15.88
13	Karnataka	38.25	0.09	0.00	38.34
14	Kerala	23.58	0.21	0.00	23.79
15	Madhya Pradesh	26.42	0.31	0.01	26.74
16	Maharashtra	47.60	0.17	0.01	47.78
17	Manipur	1.80	0.00	0.00	1.80
18	Meghalaya	1.12	0.00	0.00	1.12
19	Mizoram	0.35	0.00	0.00	0.35
20	Nagaland	0.91	0.00	0.00	0.91
21	Odisha	19.80	0.04	0.00	19.84
22	Punjab	14.56	0.09	0.00	14.65
23	Rajasthan	26.66	0.20	0.01	26.87
24	Sikkim	0.26	0.00	0.00	0.26
25	Tamil Nadu	49.27	0.21	0.00	49.48
26	Telangana	25.94	0.10	0.01	26.05
27	Tripura	2.10	0.01	0.00	2.11
28	Uttar Pradesh	89.64	0.36	0.00	89.99
29	Uttarakhand	4.14	0.02	0.00	4.17
30	West Bengal	88.41	0.26	0.01	88.67
31	A & N Islands	0.19	0.00	0.00	0.19
32	Chandigarh	0.56	0.00	0.00	0.56
33	Dadra & Nagar Haveli	0.15	0.01	0.00	0.16
34	Daman & Diu	0.08	0.00	0.00	0.08
35	Lakshadweep	0.02	0.00	0.00	0.02
36	Puducherry	0.96	0.00	0.00	0.96
	TOTAL	630.52	3.31	0.05	633.88

Source: Annual Report of the Ministry of MSME, 2017-2018

Figure 1: Distribution of MSMEs by State/Union Territory,(Lakhs)



Source: Annual Report of the Ministry of MSME, 2017–2018

Development and execution of MSMEs in India:

• Movement wise and Geological Dispersion of MSMEs in India:

Table 4 and Fig. 2 above show the movement-wise dispersion of MSMEs in the country with the exchange business having the elephant portion of the area. The exchange business had 230.35 Lakhs MSMEs addressing 36% followed by 206.85lakhs MSMEs participated in different administrations, fabricating following with 196.65lakhs addressing 31% of MSMEs and finally Non-hostage power age and transmission with 0.03lakhs.

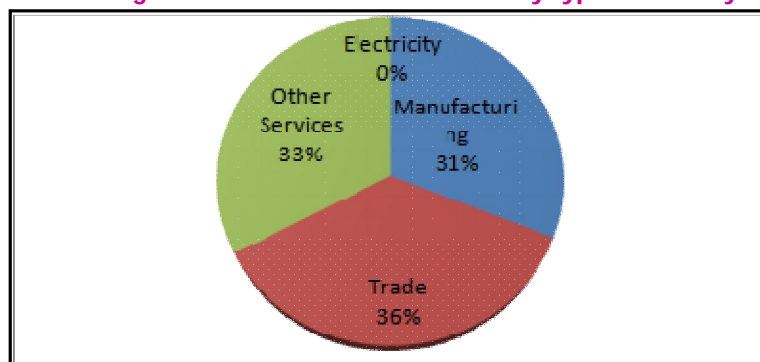
Fig.3 likewise shows the metropolitan and provincial rate portion of MSMEs. The provincial regions have the most noteworthy centralization of MSMEs addressing 51%. The Metropolitan regions in India have 49% portion of the MSMEs in the country. This is uplifting news as the accessibility of enterprises in rustic regions makes business accordingly forestalling country metropolitan movement, elevating the way of life of the provincial tenants, and equivalent dispersion of riches.

Table 4: shows the estimated total number of MSMEs by activity.

Activity Category	Estimates In Lakhs			Share (%)
	Rural	Urban	Total	
Manufacturing	114.14	82.50	196.65	31
Trade	108.71	121.64	230.35	36
Other Services	102.00	104.85	206.85	33
Electricity	0.03	0.01	0.03	0
TOTAL	324.88	309.00	633.88	100

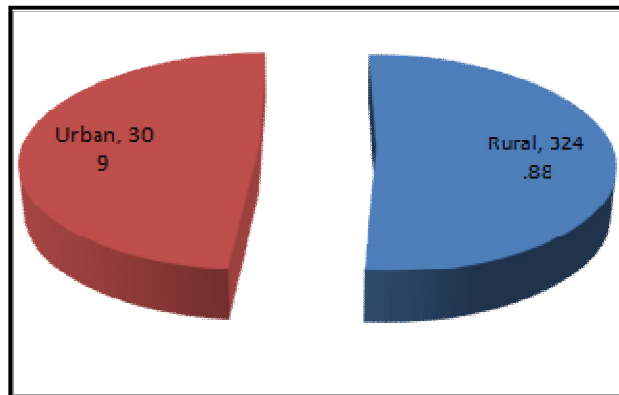
Source: Annual Report of the Ministry of MSME, 2017-2018

Figure 2: Distribution of MSMEs by type of activity



Source: Annual Report of the Ministry of MSME, 2017-2018

Figure 3: MSMEs' Urban and Rural Distribution as a Percentage



Source: Annual Report of the Ministry of MSME, 2017-2018

• **A commitment of MSME to Add up to Commodity:**

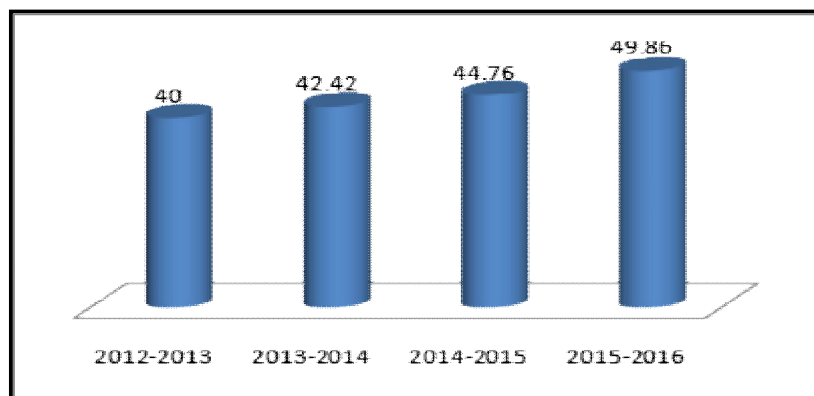
Table 5 and Fig.4 show the rate commitment of MSMEs to the all-out products of India. It very well may be seen that the rate portion of MSMEs in India's products has been on power. There was a 40% commitment from the MSMEs to the commodities in 2012-2013, 42.42% in 2013-2014, 44.76% in 2014-2015, and 49.86% in the 2015-2016 monetary years.

Table 5: MSME export contribution to India

Year	Percentage Share In Export
2012-2013	40
2013-2014	42.42
2014-2015	44.76
2015-2016	49.86

Source: www.smetimes.in

Figure 4: MSMEs' percentage contribution to exports



Source: www.smetimes.in

CONCLUSION:

The Examination of the information accumulated suggests the way that MSMEs fill in as an impetus to the equal dispersion of improvement and abundance in the country. Despite the fact that all states and association domains have their portions of MSMEs the provinces of Uttar Pradesh, West Bengal followed by Tamil Nadu, Maharashtra, Karnataka, Bihar, Andhra Pradesh, Gujarat, Rajasthan, and Madhya Pradesh are the 10 states with the biggest number of MSMEs. MSMEs participated in Exchange exercises that overwhelm the business. As much as 51% of Indian MSMEs work from the country regions though 49% work from the metropolitan urban areas. MSMEs are assuming an extremely crucial part in this period of a globalized market. The predictable development of India's finances can't be referenced without recognizing the commitment of the MSMEs.

SUGGESTIONS:

From the discoveries of the review, we prescribe the accompanying measures to assist the MSMEs with working great to contribute its standard to public turn of events.

- Since most MSMEs work in the country's regions, the public authority ought to give solid admittance to frameworks like power and water here for the smooth working of the ventures.
- Admittance to credit is as yet an issue looked at by MSMEs, particularly those in the country regions. The public authority ought to in this way leave on forceful training and refinement program to expand attention to the different accessible wellsprings of subsidizing.
- There ought to be a level jungle gym for the MSMEs to have the option to contend with the bigger organizations in the worldwide market.
- Since the vast majority of the limited-scale ventures rely upon imported unrefined substances, the public authority ought to give sponsorship or eliminate a few charges for the importation of unrefined components to empower the MSMEs to be productive and maintainable.

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