

A STUDY ON SUSTAINABLE DEVELOPMENT, ROLE AND GROWTH OF MSME’S SECTOR

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ABSTRACT:

Micro, Small and Medium Enterprises (MSMEs) are playing a stupendous role in the overall development of Indian economy. The MSME sector has been regarded as backbone of economic growth and social development of the country. The importance of MSME has been recognized in recent years in both developed and developing countries for its significant contribution in various fields. The MSME sector is an important pillar of Indian economy as it contributes greatly to growth of Indian economy. The MSMEs are widening their domain across of the economy, producing divers’ range of products and services to meet demands of domestic as well as global markets. The MSME sector not only helps urban areas but also supports in the overall development of rural & backward areas. MSME has continued its progressive journey it leads in several Sustainable Development and Human Development indicators. MSME businesses can address sustainable development-related concerns in communities and boost transformations on the road to sustainability. As globalization and Sustainability technology innovation diminish the significance of economies of scale in numerous activities, the likely contribution of smaller firms is strengthened. It is a leading in technology and innovation. While launching various schemes through business or industries innovation helps to the entrepreneurial motivation.

Key words: MSMEs, Schemes, Digitalisation, e-Commerce, NBFC.

INTRODUCTION:

Micro, Small and Medium Enterprises (MSMEs) are playing a crucial role in the overall development of Indian economy. They focus on many a number of objectives such as employment opportunities, undertaking low import intensive production activities, earning foreign exchange, motive foreign investment, higher contribution to domestic production, lower investment requirements, operational flexibility, import substitution, export promotion, etc. Development of entrepreneurial culture and qualitative business development services are the major requirement for industrial growth. Entrepreneurship drive from an individuals with creative and innovative spirit into start and hold business ownership, employment creation, capital formation, and socio and economic sustainable development. MSMEs continue to be the backbone of the economy for countries like India where the problem of unemployment, imbalance of socio- economic condition, global market competition is steadily escalating and the agriculture land holdings continue to shrink.

A study based on evidence from a number of enterprises with a lower level of investment tend to achieve a higher productivity of capital, as compare more capital intensive enterprises. The concept of entrepreneurship is a complex interplay of social, cultural, behavioural, economic, political, geographic and demographic factors. Almost all the regions have realized the importance of MSME in pushing the local economy and the regional development. While inputs the new technologies and improve the production.

DEFINITION of MSMEs:

The Government of India has proposed the definition enacted of MICRO SMALL MEDIUM ENTERPRISES DEVELOPMENT ACT 2020: Composite Criteria: Investment in Plant and Machinery / Equipment and Annual Turnover:

Classification	Micro	Small	Medium
Manufacturing Enterprises	Not more than Rs. 1 Crore	Not more than Rs.10 crore	Not more than Rs.50 Crore
Turnover	Not more than Rs. 5 Crore	Not more than Rs. 50 Crore	Not more than Rs. 250 Crore

BACKGROUND STUDY of MSME:

Small and medium enterprises are the back bone of industrial development. They have emerged as a dynamic and vibrant sector of economy. During pre-liberalization before 1991 India adopted industrial policy resolution 1948 that defined the role of state in industrial development for the first time. At that time India accorded high priority to small and medium enterprises. With the merger of the Ministry of small scale industries and the ministry of agro and rural industries, the ministry of MSME was formed on 9 may 2007. Encouraged by MSME act 2006.

LITERATURE REVIEW:

1. Sarika s (2020), studied that role of MSME sector in India with reference to Gujarat state: this research paper focused on MSME sector in India. She also focused importance and role of MSME in economic growth of India and development of Gujarat state. She evaluate performance of institutions like; DIC, KVIC, coir board, NSIC, and MGIRI. In his study found that job creation and economic growth especially in developing continue is at 95% from business and more than 50% of employment opportunity across globe. The study suggest that annual growth MSME share in national GDP is about 29% and planned to reached 58% in 2024.

2. Sherin P Regi (2020), Performance Evaluation of Enterprise Resources Planning System in Indian MSMEs: this paper highlights enterprise resources planning (ERP), business process management, ERP benefits, and MSMEs. The research focused on adopting ERP system in MSME sector it useful to evaluate and effectiveness of process to fulfil the bridge the gap and helps to enable success. The paper focused on the effective ERP system formulate in the manufacturing sector enable smooth functioning day to day activities, and achieve high level of global competition. With immediate adopting new technologies in manufacturing sector faces unskilled workforce team, it effect to reduce in production, unmet the market competition, lack of awareness market stability. The study found that MSME adopt very high potential features and eco-friendly software such as XLSTAT 2018 and SPSS V.21.0. These software giving to practioners very reliability and accurate data gathering and data transparency it validate.

3. Nisha Ajayan (2017), Performance Evaluation of Indian MSME Sector: This paper studied MSME overview, annual growth, average growth rate and analysis of variance. The research focused that analyse the performance of Indian MSME sector. The study covers from the year 2006 to 2013. To increase the performance of MSME the Government of India launch various schemes like; MUDRA yojana, and employment generation program, entrepreneurship and skill development program to encourage and benefits to the start-up the business. In the development of MSME, entrepreneurs role is very important. Entrepreneurs are consider as economic agent. While inputting the innovative ideas, skills resulting higher productive, introducing innovative techniques for sustainable development of the country. The researcher analysed total number of units working in the year 2006-07 is 361.76, increased to 2013-14 the size of units is 488.46. The average annual growth rate is 4.41(2006-07 to 2013-14). In same way the employment opportunity is sustainably developed. As the data showed as in the year 2006-07 is 805.23 to 114.29 in 2013-14. Annual average growth rate(AAGR) is 4.74. The assets are blood of the enterprise. As introducing high level and standardise assets in the manufacturing units drive to the positive report. Manufacturing unit's major contribution in the total GDP.

• **Ujjal Bhayan (2016), a study on the Performance of MSME in India:** this paper studied that role of MSME sector evaluation contribution the employment ratio, export ratio and growth of country. The growth of country depends per capita income. To regularise the employment opportunity in rural and backward area. It constraints and maintain sustain development in economically, and socially. Encouragement for entrepreneurial and managerial development the various schemes to help the task to motivate individual innovator on the basis of technology. The technological oriented program helps to launch innovative quality products and service. The research found performance of employment and investment data accurate in the year 2001-02 to 2006-07. From the year 2007-08 to 2014-15 data are estimated.

OBJECTIVES OF STUDY:

- To study the various MSME Schemes available in India
- To study the Digitalisation & e commerce in MSME sector.
- To study the Sustainable development, role and growth of MSMSE sector in India.

DATA COLLECTION:

This study is conceptual study. The data collected by various articles, Journals, MSME Annual Report and websites. (Secondary Data)

SCHEMES:

1. Prime Minister Employment Generation Program : Government of India introduced this scheme in the dated w.e.f; August 2008, launched by merging two schemes like, Prime Minister Rojgar Yojana and Rural Employment Generation Programme. The aim of scheme is generate the employment in rural and urban areas. The objectives of this scheme build employment and create new ventures to provide continuous sustainable employment to traditional segment and avoid migration to urban places from rural places. This scheme is implemented by Khadi Village Industries Corporation (KVIC) as central level, and in the state level controlled and functioned by Khadi and Village Industries Board, District Industries Centre (DIC).

2. Credit Guarantee Trust Fund for Micro and Small Enterprise: This schemes is jointly introduced by M/o MSME and SIDBI. The scheme is come into force in 01/08/2000. The scheme is contributed loan up to 75% of loan amount to the bank is guaranteed by the trust fund up to Rs. 100lakhs are available. This facility is availed new and existing entrepreneurs. But, those who are availed up to Rs 10 lakhs to micro enterprises under the scheme MUDRA the enterprise shall not eligible under this scheme.

3. Marketing Promotion Scheme:

International Co-operation Scheme: Under this scheme facilitate organising international conference, workshop, seminar in India relevant to MSME Product and industry in association to local body and government. International Corporation provide financial assistance to advertisement, publicity charges, registration fees, export insurance premium. This schemes Amendment on 19th August 2021 for providing additional preference for “ZED” certified MSME classified as Bronze, Silver, and Gold category MSME sustainable ZED certification Scheme.

Procurement and Marketing Support Scheme: this scheme encouragement to domestic market and new market access initiative. The scheme enforced from 20/11/2019. This benefits avail for the entrepreneurs running and managing manufacturing and service sector and register under ‘Údyog Aadhar Memorandum Portal’.

• Technology Up gradation and Quality Certification:

MSME Champions Scheme: Ministry of Small Scale Industries operating this scheme for introducing and upgrade existing technology. To develop the technologies the way of reduction through lean manufacturing create and develop awareness on intellectual property rights, zero effect zero defect through digital MSME.

MSME sustainable certification: Encouraging the manufacturing sector to produce quality products using latest technology, tools to achievement of high qualities and high productivity with environment friendly, highlights the export activity.

MSME Competitive (lean) – (A Component of MSME Champions Scheme): This scheme is extensive drive on MSME through richness and sufficiency, productiveness tools and techniques. Under this programme various component like; enabling quality management standard, promotion of information and communication technology, marketing support/marketing assistance and technology up gradation scheme support for entrepreneurial and managerial development of SMEs. The objectives of scheme, reduce waste, increasing productivity, inculcating good management system and introducing innovative practices. The need of lean manufacturing used techniques mainly as; i) 5s system stands for Sort, set in order, shine, standardise, and sustain.

Just in Time (JIT) Japanese manufacturing philosophy make the right product in right quantity, at the right time.

Kaizen Blitz enhancing the both management staff and worker improvement Standard operating procedures removing dependency on skilled personnel in achieving required product quality level, effectiveness and efficiency.

• **Entrepreneurship and Skill development Programs:**

Entrepreneurship skill development Programme (ESDP): this scheme being organised to educate, instruct or train up the talent youth by enlightening the various ideas, aspects of industrials/business activities required for setting up MSEs. Where it helps to identify and motivate them towards self-employment. The activities conducted like; i) Industrial Motivational Campaign(IMC)

Entrepreneurship Awareness Programme (EAP)

Management Development Programme (MDP)

Entrepreneurship – cum skill development Programme (E-SDP).

Assistance training Institutions: this scheme is to strengthen capacity for training for skill development, providing training to staff of DICs, Khadi village Industries Corporation, coir board. These institution assistance to provide training to existing state level EDI. These institution providing training to the first generation entrepreneurs and helping and supporting them in the establishment of their enterprise.

MSME and DIGITALISATION:

Digitalisation: When data from throughout the organisation and its assets is processed through advanced digital technologies, which leads to fundamental changes in business processes that can result in new business models and social change.

The technology underlying digitalisation continue to develop rapidly as the business and industry sector adopted. Digitalisation is important for the business to grow and unlock the new thinking and approaches to enter the competitive market, as well as reduce the risk, increasing the production, get the more market profitable opportunity.

Digitalisation is like a superpower that can transform small and medium businesses into unstoppable forces in the Indian economy, as these businesses contribute almost 33% of the country's Gross Domestic Product (GDP). The MSME sector has indeed seen a boom in the adoption of digital platforms and payments post-pandemic.

However, with the adoption and digitization the growth of MSMEs can be accelerated. The key drivers of the Indian MSME growth leading towards creating a digitized MSME world for the Indian economy.

GOVERNMENT'S INITIATIVES:

The government is working hard toward making the vision of digital India successful by launching various programs, schemes, and networks to help MSMEs save time and money while boosting their operations. Two schemes that have empowered MSME growth in India the most are – Emergency Credit Line Guarantee Scheme (ECLGS) – it is introduced to provide additional credit facilities to small businesses. The total amount earmarked under the scheme is Rs 5 lakh crores, out of which 71% of the total amount is already disbursed till December 2022.

Open Network for Digital Commerce (ONDC) – It is a platform introduced to help small and medium businesses create innovative digital commerce applications and services by leveraging open APIs, interoperability, and open-source technologies. The platform aims to promote digital inclusion and support the growth of the Indian digital economy.

MSME - E-COMMERCE (Amazon Enable For MSMEs through ONDC):

ONDC facilitate global exports being used for local e-commerce. Under MSME various schemes encourage and create opportunity for Indian exporters easily meet the global buyers. Through the Foreign trade policy MSMEs sector took look for towards global market While the increased quality to e-commerce has enabled MSMEs to actively participate in foreign markets.

Presently MSMEs are already exporting around USD 2 billion using the Amazon global selling programme.

Under the foreign trade policy msme receive the various incentives and subsidy programmes to support the export. This policy initiate and help the exporter, reduce the time to payments clearance, collaboration for export promotion activity, create the exports hub in different locations as easily help to the exporter to connect their business products.

UDYOG PLUS – MSME:

Aditya Birla group extend the business in financial services as Aditya Birla Capital. Though the Aditya Birla capital launch the new financial service product for the business platform as the name of “Udyog Plus”. This service mainly designed and launched for MSME customers. All the B2B transactions like; financing, protection, investment, value added service for managing and growing their business in one digital umbrella. Birla capital recently collaborated with the National Payment Corporation of India (NPCI). The aim of collaboration for to develop, promote and securing the digital payment system to customers. Aditya Birla finance has also jointly leading the solution to the MSME customers as, business networking platforms, corporate level solution, and accounting. Digital Business Process Management helps built customer interaction, reduce manual errors NBFCs and MSMEs:

In Indian financial sector space, non-banking financial companies have rapidly drive of economic growth, sustaining the social factors and empowering small business. NBFCs provide credit facilities to farmers and small medium enterprises, and low income households. NBFCs undertaken to support the government credit programs and credit benefits such as, ‘Pradhan Mantri Jan Dhan Yojana’ ‘MUDRA Yojana’, and ‘Stand-up India’ for beneficial individuals. NBFC has built bridging the credit gap and financial services. The NBFC offers various financial products like, business loans, working capital loans, trade loan, enabling the expand to business operation, and invest in existing and advance business technology. it helps to the income generation, increasing the employment opportunity and economic progress. NBFC offer accessible the loans in different in group of population to meet their requirement with affordable rate of interest and convenient repayment options. NBFC has practiced digital counters for applying loans, application process, and access to credit facility on time. The institutions adopt advanced technologies as artificial intelligence and machine learning effective control and reduce risk follow the assessment process.

SUSTAINABILITY and MSME’s:

MSME act as a dynamic sector towards the goal of achieving sustainable development through poverty alleviation, employment generation, reducing regional disparity and industrialization. MSMEs plays an important role directly or indirectly to achieve sustainable goals through new policies and act. In order to government of India made several commitments to put forward steps to MSME. With the new initiative schemes, projects, and programs like; “Make in India” (Zero defect and Zero effect), ICT tools (Digital process), regional balancing programs made collective effort for a better economy. While inputs higher efficiency of technology in the manufacturing sector has potential to create jobs opportunities, to follow & adopting sustainable business/ industrial policies significantly contribution to sustainable economic growth. Industries adopt green initiate technologies leading on path of sustainable development. Industries making environment friendly products and services become sustainable in the future and helping protect planet with better eco-friendly aspects. As using renewable energy things in business/industries it doesn’t affect the nature its reducing the wastage, less using energy. Presently govt initiate both rural and urban areas enterprise and start up entrepreneur engage making eco-friendly products and services. Majority users / consumer giving much more interest to the eco-friendly products.

FINDINGS:

Number of MSME’s in India: As per the latest data 13.8 million were registered on the Udyam registration platform 96% of the MSME sector.

MSME and employment opportunity about 106 million out of which 40% is of India’s workforce next to the agricultural sector.

MSME Exports: In MSME sector Indian products in export segment slightly decline in past years. Total India’s exports constituted at 43.6%.

MSME Digitalisation: in the pre covid micro enterprises used 11% afterly, increased to 55%, and small enterprises during pre-covid period 9% increased to 45%. Overall 72% of the MSME payments are made online (through card, UPI, net banking).

Credit growth rate in various scheme, banking and non-banking financial corporation lending credit rate has been over 30.5%.

Products of MSME’s: It produces more than 6000 products GDP Contribution: Currently it contributes around 6.11% of the manufacturing GDP and 24.63% of the service sector GDP.

CONCLUSION:

India can be developed by encouraging enterprises and entrepreneurship. Micro, Medium, Small enterprises have a vital role to development of economy. Through the global India have majority population is youths. Encouraging the youths to start up the business becoming an entrepreneur create and innovative products, and generate the employment opportunity. Government of India is assigning importance to industrialization as well as utilization of local resources this is emphasis the self-employment among the youths. Government of India has taken many new initiatives and makes policies for the development of MSMEs. MSME significantly transformation their operations and growth prospects. MSME various scheme encourage and create opportunity to start the enterprise, to meet the local and global competition. Indian MSME sector prescribed the regulatory guidelines and monitoring mechanisms provide sustainable growth, transparency in the sector.

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