The Role of MSME in the Growth of India

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Review Article

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ABSTRACT

Because of the positive political and economic scenario India is considering to be the one of major emerging economy in the coming decades. The MSME (Micro Small and Medium Enterprises) is always playing a vital and significant role in the economic growth of a country. The MSME covers both manufacturing and service sector. In a developing country like India the role of MSME is very important for the growth and development. The article is discuss the major growth pertaining sector specially agriculture, textile, defense, pharmaceutical, Hotel, Hospitality and tourism sector of the country.

INTRODUCTION
India is ruled under the UPA government from 2004 to 2014. The first time in the history the National Democratic Alliance (NDA) party got the huge majority that’s more than 50% which first time after the independence and from the government after 2004 [1-3]. The basic changes in the NDA government is removing the planning commission and introducing the National Institution for Transforming India Aayog (NITI Aayog) for the formation of the major strategies and its implementation [4-7]. The main sector which is we are looking into is the Agriculture, Textile, Pharmaceutical, Hotel, Hospitality and tourism sector of the country [8-9].

OVERVIEW ON MSME

The Ministry of Micro, Small and Medium Enterprises, a branch of the Government of India, is the apex body for the formulation and administration of rules, regulations and laws relating to micro, small and medium enterprises in India. The current Minister of Micro, Small and Medium Enterprises is Kalraj Mishra since 26 May 2014. Micro Small Medium Enterprises (MSME) is the separate entity which is governed by the ministry of MSME to boost the small entrepreneur in the market. The basic job is to provide the complete guidance and support to the entrepreneurs in terms of financially and other mean of service [10-14]. The basic responsibilities are

- Provide the funding support
- Assistance for raw materials
- Bill discounting
- Low interest rates for borrower

Table 1: The category for the enterprises as per the guideline.

<table>
<thead>
<tr>
<th>Manufacturing Sector</th>
<th>Investment in plant &amp; machinery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Enterprises</td>
<td>Does not exceed twenty five lakh rupees</td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>More than twenty five lakh rupees but does not exceed five crore rupees</td>
</tr>
<tr>
<td>Medium Enterprises</td>
<td>More than five crore rupees but does not exceed ten crore rupees</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Sector</th>
<th>Investment in equipment's</th>
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<tbody>
<tr>
<td>Enterprises</td>
<td></td>
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<tr>
<td>Micro Enterprises</td>
<td>Does not exceed ten lakh rupees:</td>
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</tr>
<tr>
<td>Small Enterprises</td>
<td>More than ten lakh rupees but does not exceed two crore rupees</td>
</tr>
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<td>More than two crore rupees but does not exceed five core rupees</td>
</tr>
</tbody>
</table>

**AGRICULTURE SECTOR**

Agriculture is the prime need for the economy, as per the statistics 58 percent of the households are depending on agriculture, fishery and forestry. The market size for the agriculture product is huge it is the largest contributor to the GDP of Indian Economy \(^{15-20}\). It hold 4\(^{th}\) largest share of export which 10\% of the total export of the country Table 1. GDP of agriculture and allied sectors in India was recorded at US$ 259.23 billion in FY15. According to the advanced estimates of Central Statistical Organization, agriculture and allied sector recorded a growth of 8.3 per cent in FY15. Agriculture is the primary source of livelihood for about 58 per cent of India’s population. MSME has released 6212.38 cr. for each district including agriculture in the financial year 2016-2017 \(^{21-25}\). The plan for Specifically, Rs.1,180.52 crore has been earmarked for medium and long term loans under agriculture for minor irrigation, land development, farm mechanization, plantation and horticulture crops, fishery and animal husbandry activities \(^{26-30}\).

**TEXTILE**

As per the CRISIL study the growth performance of 774 micro, small and medium enterprises (MSMEs) rated by it in the textile sector. They analyzed the performance for last 3 years and the study indicates that the average sales of the sampled enterprises grew at a compound annual growth rate (CAGR) of 19 per cent that is from Rs 1,271.89 lakh to Rs 1,809.81 lakh over the three-year analysis period \(^{31-34}\). With a CAGR of 21 percent MSMEs in northern and southern India outpaced their peers in eastern and western India in sales growth and output. The textile industry put their feet to the next level with the collaboration with E commerce company flip cart \(^{35-38}\). This move will help weavers and master craftsmen tap the potential of e-commerce portals \(^{39-42}\). The main aim behind signing this Memorandum of Understanding (MoU) was to increase the competiveness in the handloom and textile sector, empower the weavers and boost manufacturing in the country by providing an online marketing platform to handloom weavers \(^{42-46}\). It aims to revitalize the trading opportunities for the weavers and weaver entrepreneurs by updating them with the anecdotal nature of their
customers’ demand [47-50]. This initiative will enhance the producer and merchandiser to show their product not only on the domestic level but also in the national and international level [51-56].

**PHARMACEUTICAL**

Pharma is the most fragmented industry which registered more than 20000 units in India. 250 large units and 8000 small scale units considered to be fulfilling the 70% of the need. Clearly, MSMEs and SSIs operating in the domestic pharmacy sector are the backbone of the industry [57-62]. SMEs contributing 35 percent contribution to industry at all MSME level, which is supporting 48 percent exports, and have opportunities for Contract Research and Manufacturing (CRAMs), and helps in keeping family business units and assists employment scene [63-68]. Besides patients and diseases, MSMEs have to work on other stakeholders, who are responsible for their business health. Many a times due to lack of business health through funding, financing, human resources, etc. they cannot show business performance and lag behind [69-73]. All plans remain on paper and they further fall prey to survival.

As there is no much development in the drugs for the new diseases and the competition level of the industries are growing day by day the sector is not in a perfect shape. Due to the present market condition the challenges facing by MSME are finances, quality enhancement and competency [74-80].

**HOTEL, HOSPITALITY AND TOURISM**

There is a huge difference marked in the recent year’s hotel and hospitality industry. The quality of hospitality for the passengers shows a drastic change now a day [81,82]. The most of the funds are spending to attract the tourists with a clean and clear ambiance and hospitality. The initiative of cleaning the Ganga River and mobile food service from the IRCTC are really welcome [83-86].

The hotel industries are putting the step ahead by joining the e-commerce network so that a customer can download some simple application online and order the food from his place [87-92]. The service is really good and it also saves the time. The competition on the hotel industry is growing in a rapid pace because of which the quality of service is increased. The best part is technology is playing a important role because of which the industries are updating themselves in a perfect way [94-96].
Now coming to the MSME part the hotel and hospitality is also come under the MSME and it is under the service sector. Approval to hotel projects in six categories: from 1 star to 5 star deluxe, based on suitability for international tourists. The approval for the restaurant ensures the world class service to the tourist [97,98].

The tourism is now a day’s contributing good amount of revenue to the nation. As India has full of tourist attract place and pilgrimage so the government is realizing the importance and doing the needful for domestic and international tourist. The basic changes which need to be focus is the ambiance and the infrastructures of the place so that it attracts more number tourists to visit the place. The most focus should be on the ecotourism and safety of the people and hassle free hospitality [99,100].

**CONCLUSION**

The MSME is playing a vital role in the growth and development of the country. The support from the small scale industries are the key stones for the growth and stableness for the big market giants as they are giving the complete support and assistance to them. The support and facilities of the government to the MSME is welcome but the success rate and competition on the market is the biggest challenge facing by the small entrepreneur now a days. The cost of production, labor and the market is highly competitive and it’s very difficult to stable in the market if you don’t have that market value and support. The MSME can encouraging the entrepreneurs by the mean of funding, raw material assistance and low interest rate under the MSME funds but the biggest challenge is the market where the competition and faithful manpower support is the most essential, which is playing a vital role now a days. The growth of India is not depending upon the large scale industry to grow and touch the sky it’s the small scale which provide the assistance to grow these big market player in the market.

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