

# MSME'S – Life Line of India

## Abstract

By Adopting five year plan in india it's economy grew at remarkable speed .Indian secondary and territory sector contribute 53% employment with 84% GDP contribution in economy out of this with 63.88 lakh units the micro, small and medium enterprises have created 11.10 crore jobs and playing role as backbone of Indian economy. They have played an important role in ensuring the socialistic goals like income equality, employed generation, poverty eradication and balanced regional development.

**Keywords:** MSME, Backbone, MSME Act 2006, Examples of MSME.

## Introduction

The Government of India has enacted the micro, small and medium enterprises Act, 2006. The limits of investment for MSME are classified according to manufacturing and service sector.

Sector	Micro	Small	Medium
1. Manufacturing	>25 Lakh	25 lakh to 5 Caror	5 Crore to 10 crore
2. Service	> 10 Lakh	10 Lakh to 2 Crore	2 Crore to 5 Crore

In feb, 2018 the union cabinet chaired by P.M. Narender Modi make approval to new classification of MSME'S on the basis of turn over rather than Investment. There will be Ammendment in section 7 of MSME Act 2006.

1. Micro enterprises will be a unit where turn over below than 5 crore.
2. Small enterprises turn over more than 5 crore but less than 75 crore.
3. Medium enterprises turn over limit will be greater than 75 crore and less than 200 crore.

## Review of Literature

India Msme's Marching Ahead Achievement 2014-2018 conclude that Indian MSME'S created 11.10 crore jobs and Male dominance in ownership of enterprises.

Dr. Anna K. Patil ' Boosting economy through MSME'S' Kurukshetra A journal on Rural development vol 66. Publish that MSME'S play important role in promoting economic development by 40% export of India and production of 8 thousand products. (45% of Manufacturing)

## Objective of Study

1. To understand definition of MSME'S
2. To aware about economic, social contribution in Indian economy by MSME'S
3. Causes of its growth
4. Drawbacks of MSME'S

## Research Methodology

Being an explanatory research. Its is based on secondary data of journals, reports and Ministry data.

## Concept

Examples of MSME'S-

Match box, Straw board, disposable plastic cup and plates, natural colors, charcol from coconut shell, gypsum plaster board, paper napkin, Macroni, vermicelli , handloom.

## Reasons for Growth of MSME'S

1. Low Investment requirement
2. Developer of Indigenous Technique
3. Cheap and Abundant labour

## MSME'S And Employment

According to NSS 73<sup>rd</sup> round they created 1109.89 lakh jobs with operation of 63.88 lakh units all over the India.



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**Table 1 - Distribution of Enterprises Category Wise ( In Lakh )**

Sector	Micro	Small	Medium	Total	Share%
Rural	324.09	0.78	0.01	324.88	51
Urban	306.43	2.53	0.04	309	49
All	630.52	3.31	0.05	633.88	100

According to table .The micro sector with 630.52 lakh estimated enterprises accounts for more than 99% of total estimated number of MSME'S . Small sector with 3.31 lakh and medium sector with 0.05 lakh estimated MSME'S accounts for 0.52% and 0.01% of total estimated MSME'S respectively.

**Table 2 Distribution of employment in Rural and Urban Areas (In Lakh)**

Sector	Micro	Small	Medium	Total	Share%
Rural	489.30	7.88	0.60	497.78	45
Urban	586.88	24.06	1.16	612.10	55
All	1076.19	31.95	1.75	1109.89	100

**Source:** Annual Report 2017-18

Table 2 shows that out of 1109.89 lakh employees, 45% employees are rural and 55% are urban.

**Table 3 Sectoral Distribution of Workers in Male And Female Category (In Lakh )**

Sector	Female	Male	Total	Share%
Rural	137.5	360.15	497.78	45
Urban	127.42	484.54	612.10	55
All	264.92	844.68	1109.89	100

Table 3 conclude that in MSME'S sector 844.68 lakh (76%) are Male employees and remaining 364.92 lakh (24%) are female.

**Table 4 Percentage distribution of enterprises by Male/ Female owners**

Category	Male	Female	All
Micro	79.56	20.44	100
Small	94.74	5.26	100
Medium	97.33	2.67	100
Total	79.63	20.37	100

**Source:** Annual Report 2017-18

Table illustrate that there is male dominance in ownership of enterprises as male owners are 79.63% and female are only 20-37% owners.

**Table 5  
Percentage Distribution of Enterprises by Social Group of Owners**

Sector	SC	ST	OBC	OTHER	Not known	Total
Rural	15.37	6.70	51.59	25.62	0.72	100
Urban	9.45	1.43	47.80	40.46	0.86	100
All	12.45	4.10	49.72	32.95	0.79	100

Representation of SC & ST owners are respectively 2.45% and 4.10% which is very low compared to others and OBC

**Conclusion**

In short if we look at role of MSME'S towards employment they did treatment work by providing jobs to every group of society ( Male , Female ) . A lot of contribution by 8% to India's GDP is remarkable but there is also need to improve ownership of female and SC, ST as they are considered economically backward.

**Suggestions**

1. Government should allow extra rebate and low registration expenses for female and SC & ST.
2. Replace plastic cup and Plates and encourage indigenous pottery made cup.
3. Govt. should provide machinery on subsidy.
4. Forest passed products should be encouraged in order to increase tribal's income and enterprises.

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