

# A Study on Current Status of Msme Sector in India

Ms. Priya Srivastava<sup>1</sup>, Prof. Jyoti Bhargava<sup>2</sup>

<sup>1</sup>Research Scholar, Department of Commerce, University of Lucknow, ORCID ID: 0009-0004-3184-1408

<sup>2</sup>Professor and Head, Department of Commerce, National P.G. College, Lucknow,

## ABSTRACT

Micro, small and medium enterprises form the heartbeat of every developing nation like India and many other nations across the world. They play very significant role in economic growth and development of nation by contributing towards exports, employment, balanced regional development and many more aspects. MSMEs contribute almost all the sectors in different manner specially to the GDP, around 30% becoming crucial for economic development and sustainable growth. In modern era MSMEs emerged as a crucial driver of innovation and equitable income distribution. Despite their significant contribution, MSMEs sector faces lots of challenges, like lack of finance, lack of resources and limited access to market. Governments and various financial institutions are making constant efforts to support these micro small and medium enterprises as their significance cannot be underestimated in innovation and employment generation making India self-reliant, very significant for achieving the goal of Viksit Bharat@2047.

The purpose of this paper is to understand the status of MSME Sector for the year 2024-25 by analyzing the total number of micro, small and medium enterprises having formal registration and in which of these categories maximum participation is there indicating their positive link towards the employment and GDP. Moreover, to know about various schemes and initiative of ministry of MSME and Government for promotion of these industries. MSMEs are the lifeblood of any nation for securing the aim of developed nation. It is must to encourage their participation through awareness, recognition, various initiatives and schemes to ensure their constant role in growth and development of nation.

**KEYWORDS:** MSMEs, GDP, Innovation, Employment, Sustainable Growth and Development, Viksit Bharat.

## INTRODUCTION

MSMEs are the backbone of the economy due to their multifaceted impact on nation, employment generation and creation of vast numbers of jobs, exports and making domestic industries stronger and also regional balanced growth and development. MSMEs are the enterprises that play very significant role in social and economic development of nation. Micro, Small and Medium Enterprises Development Act, 2006 defines MSMEs as enterprise engaged in production, processing and preservation of goods and services, with thresholds for investment and turnover periodically updated by the government.

MSMEs serves a vital contributor of nation with its lower capital and lower resources. It plays a pivotal role in increasing the entrepreneurship and innovation. With it wide range of products and services,

MSMEs cater both the domestic and global market demand. The role and contribution of MSMEs in various aspects are as follows: 30.1% to GDP, 36% to manufacturing output, 45% to export and becoming 2<sup>nd</sup> largest employer after agriculture in India, 24.4cr employment and around 5.77 MSMEs are registered under the Udyam portal.

As per the MSMED Act 2006 the MSMEs are defined on the basis of two criteria one is their investment in plant and machinery or other equipment (other than land and building). Second is their turnover on annual basis. MSMED is regulation act of micro, small and medium enterprises that defined and forming legislation for regulation of MSMEs sector. The criteria for definition revised time to time as per the latest revision taking effect from 1<sup>st</sup> July 2020 MSMEs are defined as:

- A micro enterprise- investment in plant and machinery does not exceed 1 crore and turnover does not exceed 5 crores.
- A small enterprise- investment in plant and machinery does not exceed 10 crores and turnover does not exceed 50 crores, and
- A medium enterprise- investment in plant and machinery does not exceed 50 crores and turnover does not exceed 250 crores.

MSMEs are essential to the economy's betterment and progress. They accelerate economic activities, foster innovation and new technologies, and provides jobs to lots of the peoples in the country. The need of hour is to strengthen the MSMEs sector for their better access to finance, market and technologies, necessary to stimulate sustainable and all over growth and development in a constantly globalizing world, it becomes not only necessity to empower MSMEs but also a strategy to survive long term in global market.

## LITERATURE REVIEW

**Satsangi, N.S., Raghuvanshi, S., Hasan, A., et al.(2025)**, The study examines the role of selected entrepreneurship development programs in promotion and supporting of the MSMEs sector in India. The study focuses on the three key schemes of Government Startup India, Stand Up India and Mudra scheme and analyze the impact of these schemes on MSME sector using regression analysis. The findings recommend that it has favorable impact on MSMEs. EDPs are playing very crucial role in MSMEs sector the government should launch these programs to ensure socio economic development of the country.

**Sankar, C. and Gayathri, S.(2024)**, The study explore about the significance of MSMEs and ways to overcome from the problems in India for MSMEs sector. And also analyze various schemes offering loans to the various enterprises. The study founded that MSMEs generates a significant amount of employment in nation, promotes inclusive growth and accelerate export. Various initiatives like Make in India initiative of government turning the dream of many peoples into the reality by supporting them in different manner. The study determines that Government should pay more attention towards their betterment as they are playing pivotal role in our growth and development.

**Pandey, P. and Chaudhary, A.(2024)** Discussed about the key role played by the MSMEs in the journey of growth and development of nation. Some main indicators are highlighted like employment rate, GDP, FDI, role of MSMEs in export promotion. Various schemes of government are also analyzed. The findings indicates that how supportive Government interventions in innovation and entrepreneurship through its various schemes and incentives. The study also focuses on the technological advancement and innovation tremendously changed the condition of nation and digital innovation help MSME sector

to grow continuously and enhance their productivity and competitiveness in domestic as well as in the global market.

**Rathi, S. and Kumar,P.(2022)**, The study analyze the role of MSMEs in Indian economy particularly between the year 2020 and 2021. Their rate of registration and number of employment generation is key focus of this study by analyzing annual report of MSMEs. Findings indicates that MSMEs sectors are providing employment in both rural and urban areas ensuring balance regional growth and development. Moreover, MSME sector become greater contributor of MSMEs from comparison to past few years contribution towards GDP increases constantly. As per the annual reports of MSMEs the estimated number of enterprises are 633.88 lakh during the year 2020-21.this shows that how these low capital and resources industries are having greater impact on nation's economy.

**Yatminiwati, M., Setyobakti, H.,Sulistyan, R.B.,et al,(2021)**,The study aims to obtain various problems and their information and offering right solution to them. How we can lessen these problems various stages are designed as an effort to answer these hurdles. The study focuses on the creativity and uniqueness of the MSMEs sector and it to continue to grow. An entrepreneurial based solution approach is suggested as the one of the measures to address the recent issues and problems.

## OBJECTIVES

- To analyze the registration of MSMEs in the year 2024-2025.
- To examine the various schemes contributing to the promotion of MSME sector.

## SIGNIFICANCE OF THE RESEARCH

MSMEs are playing a key role in balanced regional development and promoting equitable economic growth, they are establishing among diverse geographical location both in urban and rural areas, where larger industries doesn't reach. These micro, small, and medium enterprises are more flexible as compared to larger industries due to this it serves as more flexible and adaptive in nature, contributing significantly towards the innovation and technological advancement. Another important aspect is that MSMEs are greater source of generating employment specially to the peoples not having so much qualifications and skills. Also, in the regions where there is a scarce of large industries these enterprises contribute to lessen the underemployment and unemployment by proving vast jobs to the local and regional population. MSMEs offer pivotal range of benefits in economy and its development both in developed and developing nation. Their significant contribution towards employment, poverty reduction, GDP, and exports drives sustainable economic growth. The number of MSMEs registered reflect the level of entrepreneurial and economic activities in the economy. a rise in number of MSMEs reflect more and more groups are initiating the formal business, contributing to innovation, job creation and GDP. Time to time Government is preparing various policies and schemes for these sectors their proper analysis is very significant to promote the MSMEs. Registered MSMEs can avail lots of benefits like financial aids and technological support, the study of the registrations is significant as it serves as a barometer of entrepreneurial growth and policy effectiveness and strengthening the MSMEs sector through various schemes and initiative.

## RESEARCH METHODOLOGY

The current research is conceptual and descriptive in nature. Secondary data are used in this study from various relevant sources, like annual reports of MSME and various related research papers, articles and

reports. Moreover, useful websites, newspapers and magazine, etc., are used for collection of data and insights in this study.

**FINDINGS**

The recognition and registration of the Micro small and medium enterprises is a significant step towards the benefit of these enterprises as it provides lots of benefits to them after getting registered on the UDYAM Portal. It gives the enterprises a unique recognition and identity so they can claim or avail a range of schemes, benefits, subsidies designed especially for the promotion and growth of MSME sector. And it helps the Government and the ministry of MSME to maintain accurate database of the sector and formulate policy and schemes as per the current status and position of the enterprise. We can say MSMEs registration is crucial because it gives identity to enterprises, enable them to take finance and other assistance, it provides them protection under the law and ensure long term survival and growth by its eco-friendly policies and schemes tailored for these sectors as per their numbers in the nation. Some factors are given below:

**SUM OF ALL STATE AND UTs DISTRIBUTION OF UDYAM REGISTRATION INCLUDING INFORMAL MICRO ENTERPRISES ON UDYAM ASSIST PLATFORM AS ON 31<sup>ST</sup> DEC 2024**

ENTERPRISES	NUMBER OF REGISTRATON
MICRO	5,69,01,755
SMALL	7,32,782
MEDIUM	69,013
<b>TOTAL</b>	<b>5,77,03,550</b>

**Source: The Annual Report of MSME Sector**

Above table shows the distribution of registration across all the states and UTs as on 31<sup>st</sup> Dec 2024. As it can see in the table micro enterprises hold a major portion of registration as compared to small and medium enterprises. Around 98.6% is the relative figure of registration of micro enterprises on the Udyam portal in totality. Small enterprises constitute around 1.3% and medium enterprises are least as comparison to micro and small that is around 0.1%. From the above data we conclude that among the total registration of 5,77,03,550 , micro enterprises are highly involved in the economic activity and contributing towards the growth and development as their registration is directly linked with ensuring the level of economic activity and social welfare like providing jobs to vast number of peoples and communities.

**DISTRIBUTION OF SC\ST\OBC\GENERAL OWNED ENTERPRISES AS PER UDYAM REGISTRATION PORTAL AS ON 31<sup>ST</sup> DEC 2024**

ENTERPRISES OWNED BY	PERCENTAGE
GENERAL	55.2%
OBC	31.0%
SC	10.5%
ST	3.3%

**Source: The Annual Report of MSME Sector**

Above table shows the category wise registration on Udyam portal by general, OBC, SC and ST category. The maximum registration is done by the general category its 55.2%, participating significantly in the process of getting formalized around more than half portion covered by them showing their greater contribution towards establishing the enterprises. Other than this the 31% registered enterprises belongs to the OBC category showing their high involvement in business and economic activity. SC category makes up 10.5% of total registration and ST class account for 3.3%, indicating the need for greater support and outreach to ensure their improved participation.

## **VARIOUS SCHEMES AND INITIATIVE LAUNCHED BY THE GOVERNMENT DURING THE YEAR 2024-25**

**1. Empowering Women Entrepreneurs: The Yashasvini Initiative-** The scheme was launched by the ministry of micro, small and medium enterprises as a main step towards achieving the gender parity by the year 2029 on its official registration portal UDYAM. This Yashasvini initiative is a part of the program Empower her Udan design to support women entrepreneurs through different aspects like access to market, capacity building and coaching and mentorship etc. to achieve its objective the ministry collaborate with the women entrepreneurship platform ,a public –private partnership started by the national institute of transforming India. Awareness campaign at mass level organized under this initiative across different state to accelerate the registration of these sectors and specially the women entrepreneurs and self-help groups.

Meanwhile the first awareness campaign was held on July 9, 2024 in Jaipur followed by other events at different areas with high success rate of accelerating their knowledge and awareness. Under WEP(Women entrepreneurship platform) cluster-based training is also provided in four key areas to enhance their skills. Under this initiative various support is provided like financial help, help in accessing the market, legal support and help in business compliance. The achievements of this initiative are also notable that as on 31<sup>st</sup> Dec 2024, these awareness campaign and various programs contributed significantly, towards awareness and registration of more than 4.5 lakhs women entrepreneurs on the portal.

**2. MSME Trade Enablement and Marketing Initiative( MSME – TEAM Initiative)-** This is a program by the Government to help MSMEs to embrace e- commerce and digital marketing, the validity of this scheme is from year 2024 to year 2027, objective is to provide financial help and support to micro and small enterprises(MSEs)by seller network participants, for catalogue making, management of accounts and logistic&packing etc. The scheme was implemented by NSIC and in collaboration with ONDC as a e commerce partners. MSME TEAM Initiative is a sub scheme under the central sector scheme “Raising and accelerating MSMEs performance ”MSME ministry launched this sub scheme with the outlay of 277.35 crores, aiming to assist five lakhs MSME to on board the e- commerce platform through various workshops, awareness campaign and hand holding support for on boarding into ecommerce platform. One of the notable aspects of this scheme that out of 5 lakhs beneficiary , 2.5 lakhs beneficiary would be women owned micro and small entrepreneurs indicating a great step towards the women empowerment.

**3. Zero Defect, Zero Effect 2.0 Scheme( ZED 2.0)-**ZED is a Government initiative that ensure the quality production with minimum environment impact. This scheme provides assistance to MSMEs to achieve these targets and become more globally competitive. The initiative ZED 2.0 is refined version of current scheme with few amendments like reduction in the certification cost by twenty

percent upto three levels. Strengthening of certification level like more assessment parameters and surveillance assessment are introduced. Additional financial support is given for multi-level assessment, system and certification of products. to ensure zero defect and zero effect(product is manufactured without flaws and manufacturing process has no negative effect on our environment).

4. **MSME: Hackathon 4.0: Fostering innovation and Technological Adoption-** This initiative was launched on 11<sup>th</sup> September 2024 by the honorable minister of micro, small and medium enterprises. Hackathon 4.0 aim is to empower innovation and entrepreneurship among the young population of India aged between 18-35 years by providing financial help upto 15 lakhs on per idea to increase the innovative ideas specially in the areas of traditional trades, frontier technologies in MSMEs, export enhancement and indigenization, and ensuring sustainable economy by green energy sources. One of the notable aspects is that around 29,237 ideas are received under this Hackathon 4.0 scheme by young innovators. Out of which 8,936 ideas are selected for further scrutiny by the authority. This scheme is a great source of employing our youth in the nation's betterment and progress.
5. **Inauguration of Centre for Rural Enterprise Acceleration Through Technology ( CREATE) at Leh-** On 14 September 2024 Honorable minister of MSME inaugurated this Centre through online mode. The aim of Centre for rural enterprise acceleration through technology at Leh (CREATE) is to increase the productivity of locals, improvement in the quality of product and enhance the economic potential of the area or region. The Centre is offering the facility of Pahmina wool roving and will provide training for developing production facilities for essential oil extraction from other flowers and roses, among other activity. The scheme will support the local communities by increasing their livelihoods at local level and helping local communities to earn the increased profits.

## LIMITATIONS

The present study is based on the analysis of this particular year 2024-25, while past years are not taken. Moreover, it is based on secondary data taken from the official annual report of micro, small and medium enterprises, there is further scope to know about the challenges in MSMEs sector directly through survey or other primary source of information.

## CONCLUSION

MSME serve as a powerful engine of innovation, entrepreneurship, job creation and equal growth and development. It bridges the gap between the rural creativity and global competitiveness. MSME sector are holding critical position as it is the second largest employment provider after agriculture by giving 24.4 crores employment across the nation as per the Udyam portal. Around 5.77 crores MSMEs are registered on MSME portal among which the micro enterprises are holding largest share of being registered and also providing vast number of employments to local communities. MSME sector also contributing towards GDP that is around 30.1% and 45% to export its share grow continuously year by year.

In the financial year 2024-25, the number of total registered MSMEs are 5,77,03,550, this indicate that MSME is very crucial and backbone of nations progress, creating jobs and industrial development. Knowing about the exact number of MSMEs registered help us to measure employment level and plan further policies as per the requirement, it also gives accurate data on their number, size, classification(micro, small or medium). This estimates also help Government and ministry in allocating resources and effective support schemes.

Government and other financial institutions are having greater role in promotion of MSME Sector through its various schemes, incentive, initiative they are not only supporting these enterprises but also ensuring sustainable growth schemes like zero defect and zero impact consider both the product production accurately with minimum harm to environment. Other schemes of government definitely serve as a greater motivation to them to start their business. Lots of benefits are granted to registered enterprises like subsidies, tax benefits, etc.

MSME sector serve as a lifeblood of every progressive nation. These micro small and medium enterprises become the link between connecting local creativity and potential with global opportunity. One of the most significant features is that MSMEs having greater flexibility that enable them to change as per the requirement, technological changes and innovation that is need of hour and as per the consumer preferences. Market adoptability shows their indispensable role in ensuring and maintaining the economic and social continuity. Social aspect of MSMEs is that they are proving jobs to women, youth, artisans and marginalized communities, by fostering innovation and entrepreneurship at grassroots level. Therefore, strengthening MSME sector is not only framing of economic policy but also it is the investment in potential workers, national self-reliance and over progress. The success and achievement of MSMEs is the ultimately the achievement of society as well as the nation.

## REFERENCES

1. Khanna,R.,Singh,S.P.(2018). STATUS OF MSMEs IN INDIA : A DETAILED STUDY. Journal of applied management-jidnyasa.(Vol.10,Issue.2) Retrieved from <http://www.simsjam.net/index.php/Jidnyasa/article/download/141081/99392>
2. Yatminiwati,M.,Setyobaktui,H.,Sulistyan,R.,Ermwati,E.(2021). SOCIAL ENTREPRENEURSHIP IN MSME DEVELOPMENT. Internation journal of environmental, sustainability and social sciences.(Vol.2,Number.3) Retrieved from <https://journalkeberlanjutan.com/index.php/ijesss/article/view/111>
3. Rathi,S.,Kumar,P.(2022). THE IMPACT OF MICRO,SMALL AND MEDIUM ENTERPRISE(MSMES) ON INDIAN ECONOMY IN INDIA. Journal of kavikulagurukalidas Sanskrit university,ramtek. Retrieved from <https://www.researchgate.net/publication>
4. Pandey, P. , Chaudhary, A.(2024). The role of micro small, and medium enterprises in India's economic development : a critical analysis. Asian journal of economics ,business and accounting.(AJEBA)(Vol.24, Issue 7). Retrieved from <https://journalajebea.com/index.php/AJEBA/article/view/1416>
5. Sankar,C.,Gayatri,S.(2024). A STUDY ON IMPORTANCE OF MSME IN INDIA. Vivekanandha college of arts & science for women, international journal of scientific development and research(IJSDR)(Vol.9, Issue 5) Retrieved from <https://www.ijedr.org/papers/IJSDR2405015.pdf>
6. Satsangi,N.S.,Raghuwanshi,S.,Hasan,A.,Sushma,R.,Tare,U.,Khan,D.,Kumar,P.,Singhal,A.(2025).Fostering entrepreneurship and MSME Development through targeted interventions: lessons from India's experience with MUDRA, Stand-up India, and startup india. international journal of economics and financial issues, 15(2). Retrieved from <https://econjournals.com/index.php/ijefi/article/view/16661>
7. Government of India & Ministry of micro, small and medium enterprises.(2025). Annual report. Retrieved from <https://www.msme.gov.in/sites/default/files/MSME-ANNUAL-REPORT-2024-25-ENGLISH.pdf>