

Contribution of MSMEs in Making India-Atmanirbhar Bharat

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Abstract

The Atmanirbhar Bharat Abhiyan also known as the self-reliant India Mission when the entire global economy was stuck in the clutches of the COVID-19 pandemic, at that time this mission was launched by Hon'ble Prime Minister PM Modi on 12 May 2020 with a new vision. This mission was helped in the wake of the COVID-19 pandemic to manage the economic disruption in the country. This mission came as a ray of hope in the darkness of this pandemic. The main objective of this mission is to promote self-sufficiency and reduce dependency on imports and also to make the country and its citizens self-reliant and independent in all senses. The growth of the MSME sector can be one of the key components of this mission because MSMEs play a crucial role in the Indian economy, they contribute significantly to the development of the Indian economy through exports, production, GDP participation, employment opportunities, innovations, and industrialization of rural areas. That's why the growth of this sector is essential for India's economic development which will help to make India self-reliant. Atmanirbhar Bharat Abhiyan has five pillars which are the Economy, Infrastructure, Technology driven system, Demography, and Demand. So, the present paper aims to explore the contribution of the MSME sector which will help make India self-reliant, and also discuss the five pillars of this mission.

Keywords

Atmanirbhar Bharat Abhiyan, MSMEs, COVID-19, India's economic development.

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Introduction

MSMEs are micro, small, and medium enterprises that engage in the service sector or the manufacturing, processing, production, and preservation of goods. MSMEs play a crucial role in the Indian economy because they contribute significantly to the development of the Indian economy through export production, domestic production, GDP, employment opportunities, and the process of industrialization in rural areas. So, MSMEs can play a vital role in making India-Atmanirbhar Bharat. The Atmanirbhar Bharat Abhiyan also known as the self-reliant India Mission when the entire global economy was stuck in the clutches of the COVID-19 pandemic, at that time this mission was launched by Hon'ble Prime Minister PM Modi on 12 May 2020 with a new vision. This mission was helped in the wake of the COVID-19 pandemic to manage the economic disruption in the country. This mission came as a ray of hope in the darkness of this pandemic. The main objective of this mission is to promote self-sufficiency and reduce dependency on imports and also to make the country and its citizens self-reliant and independent in all senses. The growth of the MSME sector can be one of the key components of this mission. That's why the growth of this sector is essential for India's economic development which will help to make India self-reliant. Atmanirbhar Bharat Abhiyan has five pillars which are Economy, Infrastructure, Technology driven system, Demography, and Demand. So, here we discuss how MSMEs help to make India self-reliant and what is the contribution of the MSME sector to achieve the goals of this Atmanirbhar Bharat mission.

Objectives

The proposed research study aims to explore the contribution of MSMEs in making India Atmanirbhar Bharat. The specific objectives of the study are -

1. The main objective is to study the contribution of the MSME sector in making India Atmanirbhar Bharat.
2. To study the Atmanirbhar Bharat Abhiyan and its five pillars.

Research Methodology

The Research paper is based on descriptive research, so the study is based on secondary data. The secondary data was gathered from the official website of the Ministry of MSME (MoMSME), and other published and unpublished sources such as the Economic Survey, Government publications, publications of various research institutes, journals, articles, websites, newspapers, etc.

Review of Literature

A recent study by **Behera, M., et al., (2021)** attempted to measure the contribution of MSMEs to the Indian Economy and also to find out the challenges

and problems in pre- and during the COVID period. They found that MSME units are facing many problems due to COVID-19. Given the extensive COVID-19 chaos, the government needs to establish an ongoing monitoring system and declare urgent relief steps to improve the MSMEs sector's confidence. Similarly,

Singh (2021) in his research paper analyzed the definition of MSMEs, the role and performance of MSMEs in the current status, and found MSMEs have significantly contributed to the growth of the Indian economy. It has tremendous participation in Indian GDP, employment generation, exports, production, and industrialization of rural areas, and these have various challenges and prospects associated with the sector in India, and the pandemic COVID-19 adversely impacted the MSMEs sector so the Government should take proper measures to overcome its effects.

Manikandan (2023) described that MSMEs have a vital role to play in achieving the objectives of Atmanirbhar Bharat Abhiyan. One of the main objectives of this Abhiyan is to promote indigenous manufacturing and reduce dependency on imports. MSMEs can play a critical role in obtaining this object by producing goods that are made in India, creating employment opportunities that will help in reducing unemployment. MSMEs also will encourage innovation and entrepreneurship and promote exports.

Sur, D., & Prasad, S., (2020) in their paper highlighted the mission of Atmanirbhar Bharat Abhiyan. Here, they focused on the prime goals of this stimulus package which are to make India self-reliant in its major economic sectors and to improve resilience to future geo-economic shocks. Further, the paper also identified the obstacles faced in the execution process and give suggests some ways and means by which proper execution of the package can be done to achieve the goals of 'Atmanirbhar Bharat Abhiyan'.

Pitke, M., et al., (2020) in their paper attempted to explore the changing role of MSME in making India 'Atmanirbhar'. The research paper also proposed a list of certain measures to be taken by the government to include and encourage MSMEs in making the mission of 'Atmanirbhar Bharat' realistically achievable. Finally, the research paper found that a systematic framework is required to include MSMEs in making the 'Atmanirbhar Bharat' a reality.

Need & Significance of the MSME sector

In a developing country like India unemployment is a major issue that affects the overall growth of a country. It is a major element of the socioeconomic status of any country. The MSME sector contributes to the development of the Indian economy

through export production, domestic production, low investment requirements, operational flexibility, technology-oriented enterprises' employment opportunities, etc. Moreover, the sector is a critical source of livelihood provides nearly 110 million jobs, and contributes one-third to India's GDP. Therefore, with the current emphasis on **Atmanirbhar Bharat Abhiyan**, the role of these MSMEs has become even more significant to India's economic and financial strategy. That's why there is a need for more studies on the contribution of this sector. So, the present study will focus on the contribution of the MSMEs sector in making India Atmanirbhar Bharat.

Atmanirbhar Bharat Abhiyan and Its Five Pillars

Atmanirbhar Bharat Abhiyan was launched by Prime Minister Modi at the time of the COVID-19 pandemic. During this critical time, it was a special economic relief package and its main purpose was to support the country during the pandemic. The main objective of this mission is to make self-reliant India by strengthening the country's economic system and giving a new path to the country's development journey.

Atmanirbhar Bharat is based on 5 basic components that are:

- Economy- An economy that brings Quantum jump rather than Incremental changes.
- Demography- Vibrant Demography of the largest democracy.
- System- Technology-driven systems fulfill the needs of the 21st century.
- Demand- Full utilization of the power of demand & and supply.
- Infrastructure- One that represents the modern India.

Contribution of the MSME Sector in Making India Self-reliant

MSMEs play a crucial role in providing employment opportunities in rural and backward areas, after the agriculture sector, it is the second largest employment-generating sector. As per the Central Statistics Office, Ministry of Statistics & PI, the share of MSME Gross Value Added (GVA) in All India's Gross Domestic Product at current prices (2011-12) for the year 2018-19 and 2019-20 were 30.5% and 30.0% respectively (**C.S.O. Ministry of statistics, India**). The share of the MSME manufacturing in All India manufacturing gross value output during the year 2018-19 and 2019-20 were 36.9% and 36.9% respectively. Further, as per the information received from the Directorate General of Commercial Intelligence and Statistics, the share of export of specified MSME-related products to All India exports during 2019-20 and 2020-21 was 49.8% and 49.5% respectively (**DGCIS, India**). **As per the 73rd Round of the NSS Report** on Unincorporated Non-Agricultural Enterprises' (July 2015- June 2016) conducted by the Ministry of Statistics & PI,

the estimated number of workers in the MSME sector was 11.10 crore. **Under the Prime Minister's Employment Generation Programme (PMEGP)**, the estimated employment generated (number of persons) in micro enterprises during the year 2020-21 and 2021-22 (as of 01.07.2021) were 5.95 lakh and 1.19 lakh respectively. So, we can say that MSMEs are the backbone of the Indian Economy, but at the time of covid-19 pandemic MSME sector faced many problems such as sales revenue, employment, cash flow, and marketing etc. it means the pandemic COVID-19 adversely impacted the MSMEs sector so the Government should take proper measures to overcome its effects. The MSME sector should access low-cost finance to improve the flow of credit. To resist the competition from large enterprises from inside and outside, MSMEs are required to construct capacities to evolve ICT and other instruments in decree to serve the flourishing market needs. Given the extensive COVID-19 chaos, the government needs to establish an ongoing monitoring system and declare urgent relief steps to improve the MSMEs sector's confidence.

By the Indian Government, the Atmanirbhar Bharat Abhiyan was a response to counter the pandemic's negative impact on the MSME sector. The MSME sector has been given a significant allocation and priority in implementing the measures that will revitalize the economy. Various announcements have been made under the mission to aid the MSME sector immediately. The only reason for the government to stress the importance of MSMEs can be understood by the contribution, the MSMEs can help to achieve the dream of Atmanirbhar Bharat. Here are the five main ways in which MSMEs are playing a crucial role in Atmanirbhar Bharat.

MSMEs' share in GDP- As per C.S.O, Ministry of Statistics & PI, the share of MSME Gross Value Added (GVA) in All India Gross Domestic Product at current prices (2011-12) for the year 2018-19 and 2019-20 were 30.5% and 30.0% respectively. The share of the MSME manufacturing in All India manufacturing gross value output during the year 2018-19 and 2019-20 were 36.9% and 36.9% respectively. The participation of MSMEs in Indian GDP is expected to increase in the future with the startup boom and formalization of the economy. The facilities like Government E-commerce Marketplace (GeM) are helping the small and mid-sized units in the MSME sector to grow further. As of June 25, 2021, the GeM portal has fulfilled 6.87 million orders worth \$15.67 billion.

MSMEs' share of exports- Exports are important for any economy. If India wants to become self-reliant in really, the exports need to increase. MSME-related products to all India exports during 2019-20 and 2020-21 were 49.8% and 49.5% respectively. Those industries involved in exports are more profitable than the industries involved in serving the domestic market in India. Thus, exports are an

essential part of the government's mission of an Atmanirbhar Bharat. The government introduced the Merchandise Exports from India Scheme (MEIS) in Foreign Trade Policy (FTP) from 2015 to 2020 which helped Indian Industries become more competitive and also increased the exports of goods manufactured or produced in India.

MSME's growth is more inclusive- The growth of the MSME sector is more inclusive because **as per the 73rd Round of the NSS Report** on Unincorporated Non-Agricultural Enterprises' (July 2015- June 2016) conducted by the Ministry of Statistics & PI, the estimated number of workers in the MSME sector was 11.10 crore. The types of jobs created by MSMEs include unskilled workers as well as skilled workers. The MSMEs are known to create many jobs at a low capital requirement help in the process of industrialization in rural areas and also reduce the unequal income distribution. Thus, even a low capital can get inclusive growth and inclusive growth is an important parameter of the Atmanirbhar Bharat mission. As per the government data, 13% of registered MSMEs are providing 42% of the total jobs. If India is to become a \$5 Trillion economy by 2025, the share of MSME is expected to reach 50%. Thus, MSMEs will contribute to growth in the future. Also, informal employment in India is very high. With the formalization of the Indian economy and high growth in the MSME sector, inclusive growth can become a reality, with jobs being created even in remote areas of India. If jobs are provided to remote areas, India can truly achieve the dream of a Self-reliant India.

MSMEs in the manufacturing sector- To make India self-reliant in the field of manufacturing, MSMEs will have to be made a manufacturing powerhouse. It is envisioned in the Make in India policy of the government. If India wants to increase its manufacturing output, then we can expect the contribution of the MSME sector in the manufacturing sector. The share of the MSME manufacturing in All India manufacturing gross value output during the year 2018-19 and 2019-20 were 36.9% and 36.9% respectively. Manufacturing requires a fast time to the market and changing the requirements as per emerging trends. Also, it requires a marketplace to sell the goods. With the growth of e-commerce and the Government e-commerce Marketplace (GeM), the selling opportunities are immense. Also, the emerging trends are easy to identify because of the easy availability of information.

MSMEs in the Services sector- Just as the manufacturing sector plays an essential role in India's economic growth, the services segment also plays an important role in making India self-reliant and contributing to Indian economic

growth. India's share of the services sector in the economy is 55% while the MSME sector contributes 33% to services as compared to 67% in manufacturing. Most of the informal jobs exist in the services sector, and the services sector was the most affected because of the Covid-19 pandemic. MSMEs also play an important role in the services sector in employing workers, temporary workers, unskilled workers, etc. If India is to be self-reliant, the importance of the services sector must be highlighted and the sector should be prioritized.

Conclusion

The MSME sector is considered the engine of economic growth and is also known for promoting inclusive and equitable development. The MSME sector contributes to India's economic growth a lot because it suits the weaknesses of the Indian economy like- lack of capital, less technology, and lack of well-developed infrastructure, etc. MSMEs have the power to propel India to new heights. Thus, the MSME sector can play a significant role in achieving the dream of India's self-reliance, but the COVID-19 pandemic adversely affected this sector, so the Indian Government should pay attention to the sector especially.

Findings

- ❖ Reviewed Many research papers found that the Covid-19 pandemic has hit the MSME sector very badly. The Atmanirbhar Bharat mission started to come out of the clutches of this pandemic. The main objectives of this mission are to make a self-reliant India and reduce the dependency on imports. To fulfill these objectives of this mission, special emphasis was given to the MSME sector because this sector plays a crucial role in India's economic growth in reality. So, we can say that the MSME sector works as a key component to fulfill the dream of a self-reliant India mission.
- ❖ The MSME sector can help to achieve inclusive growth. The United Nations is also taking various steps to help the MSMEs get back to business after the pandemic because the United Nations understands the inclusive growth promoted by the MSME sector.
- ❖ The participation of MSMEs in exports is rewarded in duty credit scrips. In the coming years, Policy measures like these are expected to further increase in the share of MSME's exports.
- ❖ One of the biggest hurdles for the MSME sector is the old technology and its slow adoption, but with the government's encouragement, technology adoption can increase thereby making the MSME sector more competitive and also fulfilling the mission of Atmanirbhar Bharat. The country can

become Atmanirbhar if MSMEs can scale up to compete with global peers and participate in international market opportunities.

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