

ATMANIRBHAR BHARAT: A WAY AHEAD TO BOOST THE ECONOMY WITH
SPECIAL REFERENCE TO MSMEs

Manjunatha H R Assistant Professor, Department of Commerce and Management, PESIAMS, Shivamogga.

Pradeep Shetty K Assistant Professor, Department of Commerce and Management, PESIAMS, Shivamogga

Abstract

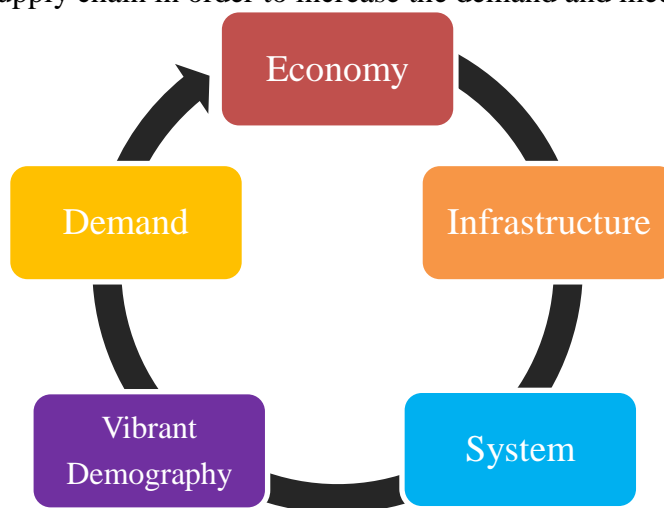
In the current scenario of India MSME sector plays a pivotal role in the development of the economy. Atmanirbhar Bharat Abhiyaan or Self-Reliant India is a drive and vision of India to make India as self-reliant. MSMEs in India are providing large employment opportunities across the country at lower cost of capital. With this backdrop the present study analyses the growth of MSME sector and its impact on the GDP as well as contribution of MSMEs in creation employment opportunities in the India and also Measures taken by the government to boost the MSMEs Sector – Under Atmanirbhar Bharat Abhiyaan

Key Words: MSMEs, Atmanirbhar Bharat Abhiyana, Self-Reliant, Economy etc.

Introduction

Atmanirbhar Bharat Abhiyaan or Self-Reliant India is a drive and vision of India to make India as self-reliant. The honourable Prime Minister Sri Narendra Modi publicized Self- Reliant India campaign on 12 May 2020. And announced special economic and wide-ranging package of Rs. 20 lakh crores to make the India and its citizen self-reliant (Vijayamohan, 2020).

The first pillar endeavours towards boosting the economy that significant jump in economy rather than a tortoise move. The second pillar that is infrastructure which leads to portray the modern India and cope up with international standards. Next pillar concentrated driven system of technology which can achieve the 21st century dream. Fourth pillar is focused on country's strength by making vibrant Indian demography. Last pillar concerned cycle of demand and supply chain in the economy. Empowers the supply chain in order to increase the demand and meet the demand.



Micro, Small and Medium Enterprises (MSMEs)

MSMEs sector has established as an energetic and dynamic sector of the Indian economy from last decade, it frequently contributing to the economy and social development of the country by nurturing entrepreneurship and generating large employment opportunities at lower cost of capital. MSMEs are the ancillary industries for large industries and it contributes significantly in the extensive industrial development of the country. The MSMEs are broadening their domain across sectors of the economy, producing diverse range of products and services to meet demands of the domestic also international markets.

The Atmanirbhar Bharat stimulus package announced by the government consists of the following 5 tranches: Business including MSMEs, Poor including migrants and farmers, Agriculture, New horizons of growth and Government reforms and enabler. Special financial and wide-ranging package deal of Rs.20 lakh crores is same to 10% of India's GDP and that package deal to provide to numerous sections which includes cottage industry, MSMEs, labourers, industries etc.

The new definition of micro, small and medium enterprises made as a part of the Atmanirbhar Bharat Abhiyaan relief package.

On 1st June, Monday 2020, the Union Cabinet headed by Prime Minister Narendra Modi officially revised the MSME definition. In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small & Medium Enterprises are classified and its revised definition is given below,

New definition of Micro, Small and Medium Enterprises		
Manufacturing & Services	Micro	Where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees.
	Small	Where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees.
	Medium	Where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

Review of Literature

Lamba Jonika & Jain Esha (2021) The article includes the crucial role that experts played in creating an independent India. It also discusses the difficulties faced by the MSME sector, the policy changes made by the Indian government to quicken growth and investment in micro and small businesses, as well as some examples of how investments in the MSME sector will support India's growth and development during the COVID-19 financial and economic distress phase. Professionals are the nation's helping hand at this time of deception; with their assistance, we can innovate and learn how to live in this new normal. The Indian government should prioritise the overall development of the country by making sure that business is shared among MSMEs and SMEs.

Sheikh (2020) In order to achieve the purpose of MSME and retain economic employment, the government has moved India toward self-sufficiency. Small businesses do struggle with credit requirements, therefore the government has introduced a number of programmes to meet their needs. We looked at how the banking sector had offered various services related to financing the growth of MSME, and how the Indian government was attempting to seize the moment as FDI and exports switched from China to India.

Mittal & Kumar (2021) addressed the fact that the study is based on secondary data, with the information being gathered from sources such as newspapers, articles, and websites. When they declared Atmanirbhar Bharat, or an independent India, India moved from being dependent to being autonomous. helping to promote environmentally friendly living and sustainable development after becoming independent.

Dubey, Dr.Smita and Dubey, Dr. Harish K (2020) They concentrated on the many industries and regions that have the potential to achieve self-reliance in the future in their article, "Atmanirbhar Bharat Abhiyan: An Analytical Review." It examined the constraints and presented numerous options for utilising the capacity already in place in order to become a worldwide supplier. According to their research, the Indian economy has a great deal of potential for achieving self-sufficiency, but doing so depends on how well the government's rules are implemented and how money are allocated. They advised that it is essential to realise the true potential of various sectors already present in urban and rural India and equip them with adequate resources in order to successfully implement the plans mentioned in Abhiyan.

Ratho, Radha Shyam and Kumar, Pradeep (2020) They concentrated on the many industries and regions that have the potential to achieve self-reliance in the future in their article, "Atmanirbhar Bharat Abhiyan: An Analytical Review." It examined the constraints and presented numerous options for utilising the capacity already in place in order to become a worldwide supplier. According to their research, the Indian economy has a great deal of potential for achieving self-sufficiency, but doing so depends on how well the government's rules are implemented and how money are allocated. They advised that it is essential to realise the true potential of various sectors already present in urban and rural India and equip them with adequate resources in order to successfully implement the plans mentioned in Abhiyan.

Venkatesh and Muthiah (2012) observed that small and medium-sized enterprises (SMEs) are now a target for future growth as their significance in the industrial sector is growing quickly. The importance of the SME sector's growth for the nation's economic well-being was highlighted by this study. They also stress how important government support is for entrepreneurs as they make the necessary preparations for future growth. performance, growth, and challenges MSMEs face in the Indian economy.

Meeravali S et al. (March 2017) Notwithstanding a CAGR of 4.39%, 4.75%, and 6.64% for MSME total operating enterprises, employment, and market value of fixed assets, it was discovered that the GDP contributions of MSME in the manufacturing and service sectors were -1.53% and 1.82%, respectively. Researchers further contend that in order to boost productivity and contribute to economic growth, the government must implement integrated policies, encourage skill development, and make finance readily available to MSME only through government-sponsored institutions.

Objectives of the Study

The present study endeavours to analyse the growth and its impact on the economy. Besides the study aims to highlights the measures taken by the government to boost the MSMEs sector in India.

Research Methodology

The present study covers only growth and development of MSMEs in India. The data is restricted to the period of 5 years. The present study is descriptive in nature. The necessary data is collected from secondary sources. The secondary sources are annual report of MSMEs, government reports, economic survey, journals, and websites.

Viability of MSMEs in the current scenario of the economy

The MSMEs in India play a vital role in the development of the economy the below table indicates the growth of MSMEs in India

Table 1: Estimated Number of MSMEs (Activity wise) in the Country

Activity	Estimated Number of MSMEs (in Lakh)			Percentage %
	Rural	Urban	Total	
Manufacturing	114.14	82.50	196.65	31
Electricity*	0.03	0.01	0.03	0
Trade	108.71	121.64	230.35	36
Other Services	102.00	104.85	206.85	33
Total	324.88	309.00	633.88	100

*Non-captive electricity generation and transmission

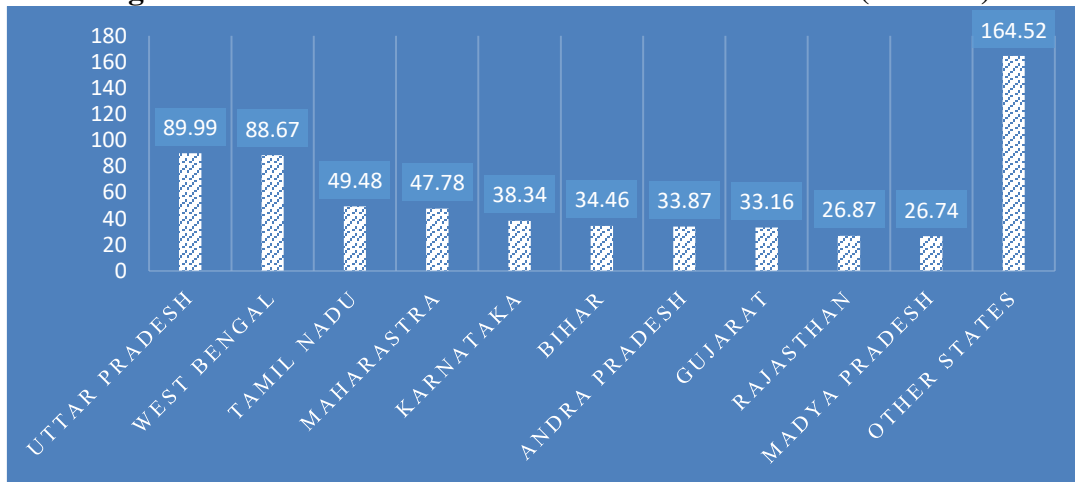
Source: MSMEs Annual Report 2020-21

The above table evidenced that the presently 633.88 lakhs estimated MSMEs engaged in different economic activities out of that 196.65 lakh in manufacturing, 0.03 lakh in Non-captive Electricity generation and Transmission, 230.35 lakh in Trade and 206.85 lakh in others services. Out of 633.88 lakh estimated numbers of MSMEs, 324.88 lakh MSMEs (51.25%) are in rural area and 309 lakh MSMEs (48.75%) are in the urban area. Industrialisation of rural and backward areas leads to decreasing regional imbalances, guaranteeing more equitable distribution of national wealth and income.

State wise estimated MSMEs in India

The below chart represents the state wise growth of MSMEs in top ten states (Uttar Pradesh, West Bengal, Tamil Nadu, Maharashtra, Karnataka, Bihar, Andra Pradesh, Gujarat, Rajasthan and Madya Pradesh) of India and consolidated growth of other states also presented below.

Figure 1: State wise Distribution of Estimated MSMEs (In Lakh)



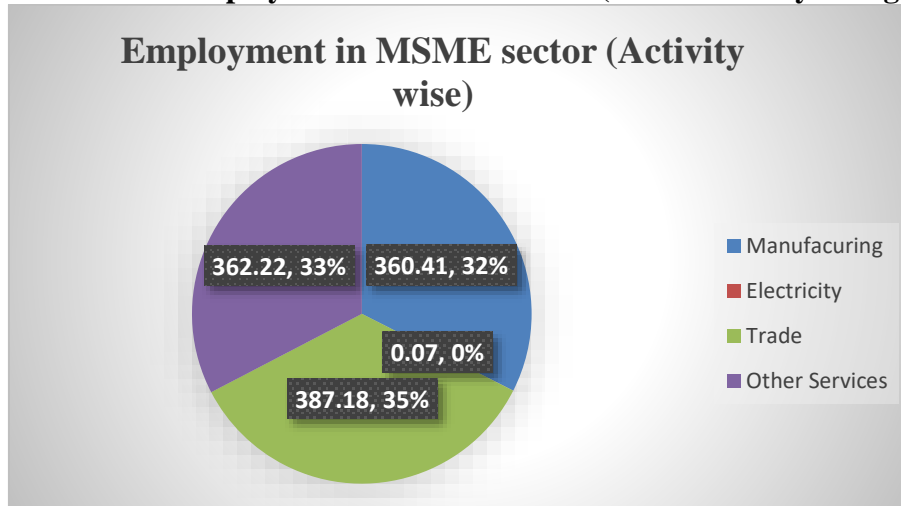
Source: MSME Annual Report 2020-21

The above chart shows that the state wise distribution of estimated MSMEs in top ten States. Top ten States accounted a share of 74.05% of the total projected number of MSMEs in country. Compare to the other state, Uttar Pradesh had the largest number of projected enterprises with a share of 14.20% of MSMEs in the country.

The estimated employment in MSME sector on the basis of activity

The below figure substantiated the estimated number of employment in the broad activities (manufacturing, electricity, trade and other services) of MSMEs sector.

Figure 2: Estimated Employment in MSME Sector (Broad Activity Category wise)



Source: MSME Annual Report 2020-21

The above figure shows that the estimated Employment in the MSME sector activity wise. MSME has been creating 11.10 crore jobs which includes, 360.41 lakh in Manufacturing, 0.07 lakh in Non-captive Electricity Generation and Transmission, 387.18 lakh in Trade and 362.82 lakh in other services in the rural and the urban areas all over the country.

Contribution of MSMEs in Country’s Economy at Current Price

The Micro, Small & Medium Enterprises (MSMEs) have been contributing meaningfully to the extension of entrepreneurial through business revolutions. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to satisfy demands of domestic also as international markets. As per the statistics received from Central Statistical Office (CSO), Ministry of Statistics Programme Implementation, the contribution of MSME sector in

Country's Gross Value Added (GVA) and Gross Domestic Product (GDP) at current prices from 2014-15 to 2018-19.

Table 2: Contribution of MSMEs in Country's Economy at Current Price

Figures in Rs. Crores adjusted for FISIM at Current Price						
Year	Total MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	All India GDP	Share of MSME in All India GDP (%)
2014-15	36,58,196	-	1,15,04,279	31.80	1,24,67,959	29.34
2015-16	40,59,660	10.97	1,25,74,499	32.28	1,37,71,874	29.48
2016-17	45,02,129	10.90	1,39,65,200	32.24	1,53,91,669	29.25
2017-18	50,86,493	12.98	1,55,13,122	32.79	1,70,98,304	29.75
2018-19	57,41,765	12.88	1,71,39,962	33.50	1,89,71,237	30.27
MSME GVA -CAGR –0.09 (9%)						
Share of MSME in all India GDP(%) – CAGR –0.01 (1%)						

Source: Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation. Key Results of National Sample Survey (NSS) 73rd Round Survey (2015-16) on MSMEs.

From the above table it is obvious that the total MSME GVA has increased from 36,58,196 crores in 2014-15 to 57,41,765 crores in 2018-19 accounting for an increase of 20, 83,569 crores which works out to 56.96% which means the total MSME GVA increased 5.67% annually. The share of MSME in all India GDP% has registered a significant increase during the year 2015-16 to 2018-19 which works work to 1% (CAGR 0.01).

Measures taken by the government to boost the MSMEs Sector – Under Atma Nirbar Yogana

(1) Collateral- free Automatic loans for businesses, including MSMEs

Businesses/MSMEs have been critically knockout due to COVID 19 need additional funding to meet operational liabilities built up, purchase raw material and restart business so far that collateral free automatic loans for businesses/MSMEs funded by Government of India is Rs 3 lakh crores this is to country battles the coronavirus crises. The tenure of the loan being offered to businesses and MSMEs will be Four years.

(2) Subordinate debt for stressed MSMEs

The Rs 20,000 crores Subordinate Debt for Stressed MSMEs scheme, launched as part of the Rs 20 lakh crores Atmanirbhar package previous year by the GOI and this scheme attain the equity support to stressed MSMEs. The stressed MSMEs which are functioning under NPA or stressed will be eligible, overall two lakh MSMEs are likely to benefit from this scheme.

(3) Equity infusion for MSMEs through fund of funds

The fund of funds announced by the Finance Minister Nirmala Sitharamn in 13th May 2020 as part of the Atmanirbhar Bharat initiative to infuse Rs 50,000 crore equity in MSMEs. Micro, Small and Medium enterprises are facing a severe shortage of capital. The fund of funds will be set up with a corpus of Rs 10,000 crore. The fund of funds will be operated through a mother fund and a few daughter funds. The government will provide equity funding for MSMEs with growth potential and viability. The fund structure will help leverage Rs 50,000 crore at daughter fund levels. This will help to expand MSME size and also capacity. It will encourage MSMEs to get listed on main board of Stock Exchanges.

(4) Global tenders to be disallowed

Indian MSMEs and other companies facing unfair competition from foreign companies. Hence, Government of India disallowed the global tenders and provided government procurement tenders up to Rs. 200 crores, which will boost the business of MSME sectors. . This will be a step towards Self-Reliant India and support to Make in India.

(5) Other interventions for MSMEs

- ❖ E-market linkage to promote trade fairs and exhibitions.
- ❖ Fintech will be used to increase transaction based lending using the data generated by the e-marketplaces.
- ❖ Government monitoring continuously the settlement of dues to MSMEs vendors from central public sector undertakings and Government.
- ❖ MSMEs receivables from government and central public sector enterprises to be released in **Forty Five** days.

Concluding Remarks

The analysis in the foregoing paragraphs has evidenced that, there has a significant increase in the growth of MSME sector and has registered a continuous increase in the employment opportunities that will helps to make India to self-reliant. Even the contribution of the MSMEs towards the share of all India GDP percentage has increased to boost the economy. The Government of India has taken appropriate measures and interventions towards MSME sector, which enhances the growth of the economy and make India as self-reliant.

References

1. Vijamohan V. P., (2020). Atmanirbhar Bharat Abhiyaan a call to the nation for self-reliance. *Journal Science technology & management, MACFAST*, 13(3), 162-166.
2. Lamba Jonika & Dr. Jain Esha, (2021). Pivotal Role of MSME and Professional in Fabricating Self – Reliant India. *Asian Journal of Management*, 12(3), 253-257.
3. Sheikh, C. A. (2020). Redemption of Indian MSME Sector towards Sustainability Amid Covid 19 Pandemic Attack. *Sambodhi*. 43(3), 86-97.
4. Mittal, V., & Kumar, M. (2021). Hara Bhara Atmanirbhar Bharat. *European Journal of Molecular & Clinical Medicine*, 7(11), 6553-6572.
5. Dubey, S. & Dubey, H, K. (2020). Atmanirbhar Bharat Abhiyan: An Analytical Review. *DogoRangsang Research Journal (UGC Care Group I Journal)*, 10 (7), 27- 34.
6. Shyam Ratho, R. and Kumar, P. (2020). Liquidity Management in the Time of Covid 19: An Outcomes Report. *RBI monthly Bulletin, July 2020*, 15-34, 184.
7. Sudha Venkatesh, K. Muthiah, (2012). SMEs in India: Importance and Contribution', *Asian Journal of Management Research*, 2(2).
8. Dr. Meeravali S., K.Ramesh, K., (2017). Ajay Kumar, G.Sekhar Babu, *SSRG International Journal of Economics and Management Studies (SSRG-IJEMS)*, 4 (3).
9. MSME Annual Report 2020-21.
10. <https://cleartax.in/s/msme-riliefe-pse>
11. <https://www.financialexpress.com>