



Celebrating MSMEs on National Small Industry Day 2024

Over 4.91 Crore Enterprises Registered, Udyam Portal Transforms MSME Landscape

(Ministry of Micro, Small & Medium Enterprises)

August 29, 2024

Introduction

National Small Industry Day, observed annually on August 30, celebrates the pivotal role of Micro, Small, and Medium Enterprises (MSMEs) in shaping economies worldwide. According to the United Nations, MSMEs represent 90% of businesses, generate 60 to 70% of employment, and contribute 50% of global GDP. These enterprises are not just economic entities but the backbone of societies, fostering livelihoods and driving inclusive growth, especially among the working poor, women, youth, and vulnerable communities.

In India, the MSME sector has grown into a vibrant and dynamic force over the past five decades, playing a crucial role in the nation's economic and social development. As a key driver of entrepreneurship, MSMEs have created millions of jobs at relatively low capital costs, second only to agriculture in employment generation. Complementing large industries, MSMEs have become integral to India's inclusive industrial growth, offering a diverse range of products and services to meet both domestic and global market demands. National Small Industry Day 2024 is a moment to recognize and honour the enduring contribution of these enterprises to the nation's progress.

National Small Industry Day 2024

— August 30 —



Definition of Micro, Small and Medium Enterprises

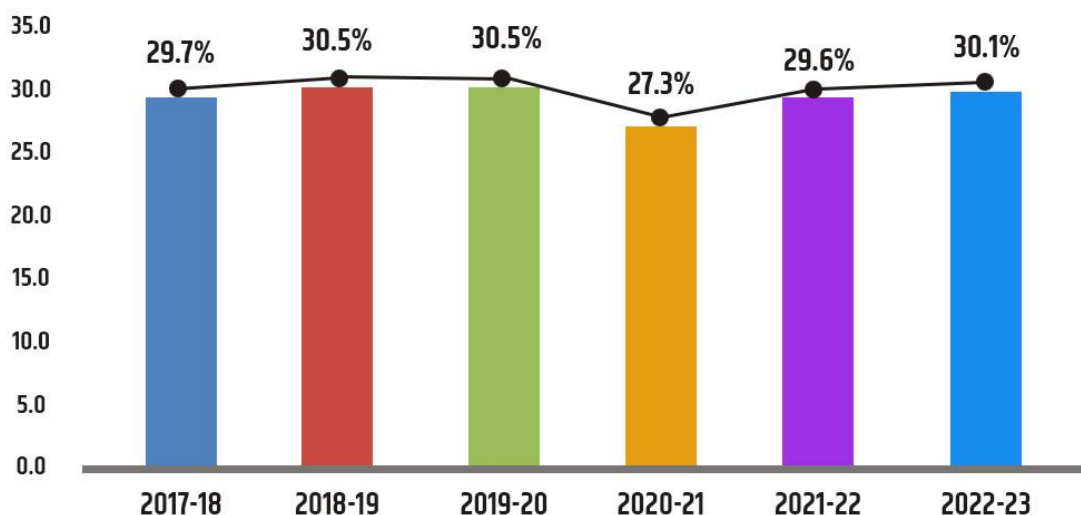
In accordance with the Micro, Small and Medium Enterprises Development Act, 2006, MSME are classified as below:

- 1) A micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees.
- 2) A small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees.
- 3) A medium enterprise, 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.

Achievements of MSMEs

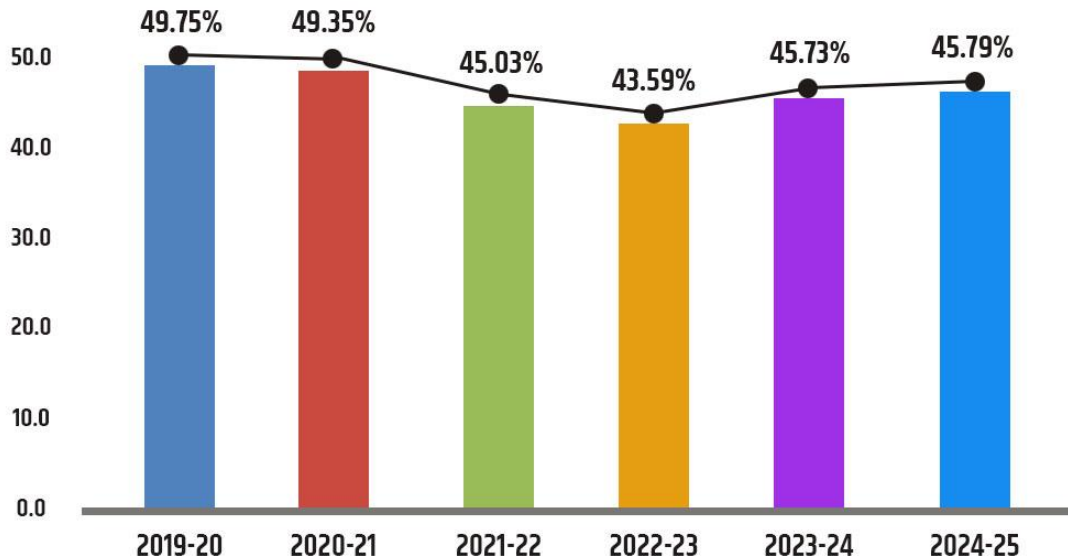
The MSME sector in India has consistently demonstrated remarkable resilience and adaptability, significantly contributing to the nation's GDP over the years. The Gross Value Added (GVA) by MSMEs in India's GDP was 29.7% in 2017-18, rising to 30.5% in both 2018-19 and 2019-20. Even amid the unprecedented challenges posed by the COVID-19 pandemic, the sector sustained a contribution of 27.3% in 2020-21, rebounding to 29.6% in 2021-22 and reaching 30.1% in 2022-23. These figures highlight the sector's pivotal role in driving economic growth and stability, reflecting its enduring strength and importance to the Indian economy.

Share of MSME Gross Value Added (GVA) in India's GDP



MSMEs contributed 49.75% to India's exports in 2019-20, decreasing to 49.35% in 2020-21 and 45.03% in 2021-22. The share further declined to 43.59% in 2022-23 but recovered to 45.73% in 2023-24, with 45.79% recorded up to May 2024.

Share of Export of MSME related products in All India Export



*up to May 2024

Budgetary Outlay of Ministry of MSME

(Rs. in crore)

Financial Year	BE	RE	Actual
2019-20	7,011.29	7,011.29	6,717.53
2020-21	7,572.20	5,664.22	5,647.50
2021-22	15,699.65	15,699.65	15,160.47
2022-23	21,422.00	23,628.73	23,583.90
2023-24	22,137.95	22,138.01	22,094.25

*BE- Budget Estimate, RE- Revised Estimate

In the Budget for 2024-25, the Ministry of MSME has been allocated an outlay of ₹22,137.95 crore (BE).

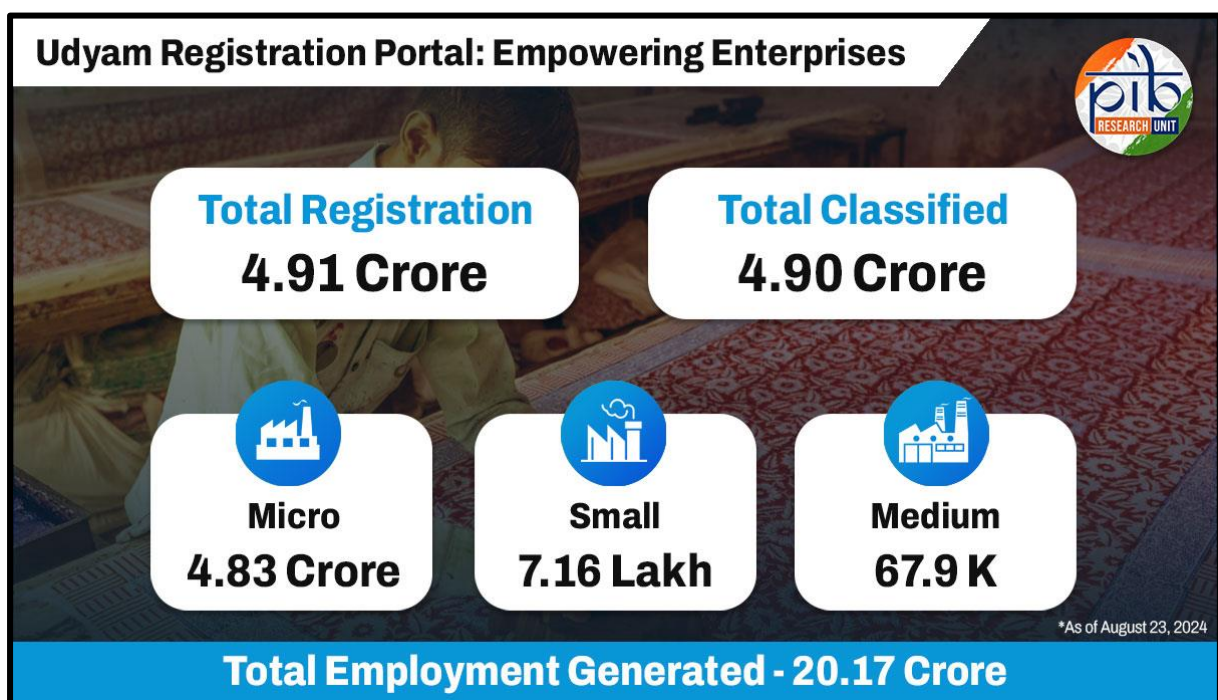
Government Initiatives for MSMEs

The Government of India has implemented a robust array of initiatives aimed at bolstering the Micro, Small, and Medium Enterprises (MSME) sector, recognizing its pivotal role in the economy. These efforts range from financial support and procurement policies to capacity building and market integration. Key initiatives include the Udyam Registration Portal, PM Vishwakarma scheme, PMEGP, SFURTI, and the Public Procurement Policy for MSEs, all aimed at fostering entrepreneurship, enhancing employment, and integrating informal sectors

into the formal economy. These initiatives reflect the government's commitment to supporting MSMEs and driving inclusive economic growth nationwide.

Udyam Registration Portal

Launched on July 1, 2020, the Udyam Registration Portal serves as a pivotal platform for facilitating the registration of enterprises across India. The portal encourages enterprises previously registered under the Udyog Aadhaar Memorandum and Entrepreneurship Memorandum-II to migrate to this new system. It offers a free, paperless, and self-declaration-based registration process, eliminating the need for document uploads, thus simplifying the formalization of businesses.



In a significant step towards integrating informal micro-enterprises into the formal economy, the Government introduced the Udyam Assist Platform on November 11, 2023. This initiative aims to bring these micro-enterprises under the formal sector, enabling them to access benefits such as Priority Sector Lending, which is essential for their growth and sustainability.

As of now, the Udyam Portal boasts an impressive total of 4,91,47,316 registered MSMEs, with the vast majority classified as micro-enterprises. Beyond their economic contributions, these MSMEs have generated substantial employment opportunities, providing jobs to over 21.17 crore individuals. This extensive employment generation underscores the sector's crucial role in driving economic development and enhancing social stability by offering livelihoods to millions across the country.

PM Vishwakarma

The 'PM Vishwakarma' scheme, launched by the Government of India, aims to enhance the quality and reach of products and services by artisans and craftspeople, integrating them into

domestic and global value chains. Announced in the 2023-24 Budget and launched on September 17, 2023, this scheme seeks to provide comprehensive support to Vishwakarmas, improving their socio-economic status and quality of life.

PM Vishwakarma is fully funded by the Government of India with an initial outlay of Rs. 13,000 crores for 2023-24 to 2027-28.

As of August 23, 2024, the PM Vishwakarma scheme has achieved significant milestones, with over 2.34 crore applications submitted and 16.19 lakh applications successfully registered. Registered applicants will undergo a 5-day 'Basic Training' program, and those opting for credit support will receive collateral-free credit. These accomplishments highlight the scheme's early success in empowering artisans and craftspeople nationwide.

Prime Minister's Employment Generation Programme (PMEGP)

Prime Minister's Employment Generation Programme (PMEGP) is a credit linked subsidy scheme for providing employment opportunities through establishment of micro-enterprises in the non-farm sector. Under the Scheme, Margin Money (Subsidy) is provided to beneficiaries availing loan from banks for setting up new enterprises. The maximum project cost admissible for setting up of new project is Rs. 50 lakhs in manufacturing sector and Rs. 20 lakhs in Service Sector

Subsidies under PMEGP vary by category:

- ❖ Special Categories, including SC, ST, OBC, Minorities, Women, Ex-Servicemen, Transgenders, Differently-abled individuals, NER, Aspirational Districts, and Hill and Border areas, are eligible for a subsidy of 25% in urban areas and 35% in rural areas
- ❖ General Category applicants are eligible for a subsidy of 15% in urban areas and 25% in rural areas.

In a notable development, units in Aspirational Districts and Transgenders have been included in the Special Category. Additionally, geo-tagging of PMEGP units has been initiated to capture details of the products and services offered by these units and to create market linkages for them. Furthermore, prospective entrepreneurs receive free 2-day Entrepreneurship Development Programme (EDP) training to equip them with the necessary skills and knowledge to succeed.

In the year 2023-24 alone, PMEGP facilitated the establishment of 22,050 projects. The total subsidy extended amounted to Rs. 900.23 crores, creating employment opportunities for 1,76,400 individuals. These achievements highlight the scheme's significant impact on fostering entrepreneurship and generating employment across the country.

Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

Launched in 2005-06, the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) aims to organize traditional artisans into collectives or clusters, facilitating product development, diversification, and value addition. The scheme promotes traditional sectors and

seeks to sustainably increase the income of artisans. SFURTI was revamped in 2014-15 to further enhance its impact and reach.

The primary objective of SFURTI is to organize artisans and traditional industries into clusters to improve competitiveness, create employment opportunities, and enhance the marketability of their products. By bringing artisans together, the scheme helps them leverage collective resources and skills, leading to better income prospects and sustained growth.

Achievements:

- ❖ Since 2014-15, SFURTI has approved the formation of 513 clusters.
- ❖ A total grant of ₹1,336.10 crore has been extended to support these clusters.
- ❖ The scheme has benefitted 2,98,580 artisans by creating new employment opportunities.

Public Procurement Policy for Micro and Small Enterprises

The Ministry of MSME, Government of India, notified the Public Procurement Policy for Micro and Small Enterprises (MSEs) in 2012. This policy mandates that 25% of annual procurement by Central Ministries, Departments, and Central Public Sector Enterprises (CPSEs) must be sourced from MSEs. Within this 25%, 4% is reserved for MSEs owned by Scheduled Castes/Scheduled Tribes (SC/ST), and 3% is reserved for MSEs owned by women entrepreneurs. Additionally, 358 items are exclusively reserved for procurement from MSEs.

Achievements:

- ❖ In 2023-24, Central Ministries, Departments, and CPSEs procured a total of ₹82,431 crore worth of goods and services from MSEs, which constituted 33.30% of their total procurement.
- ❖ This policy benefitted 2,36,452 MSEs, ensuring they had access to significant business opportunities and support through government procurement.

Other Notable Initiatives

- ❖ In line with Government of India's top focus on energizing MSMEs in the country, Government of India approved the upward revision of MSME definition on 1st June 2020 under the Aatmanirbhar Bharat Package. The Government revised the MSME classification by inserting composite criteria of both investment and annual turnover.

❖ CHAMPIONS is an online platform to help and handhold the MSMEs specially in this difficult time. It is an ICT based technology system aimed at making the smaller units big by solving their grievances, encouraging, supporting, helping and handholding throughout the business lifecycle. The platform facilitates a single window solution for all needs of MSMEs.

❖ Collateral free loans up to Rs. 500 lakhs (from April 1, 2023) with guarantee coverage up to 85% through CGTMSE.

❖ Rs. 50,000 crore equity infusion through Self Reliant India Fund, including a Rs. 10,000 crore corpus from the Government of India.

❖ Exemption from global tenders for procurement up to Rs. 200 crores.

❖ Roll out of Raising and Accelerating MSME Performance (RAMP) programme with a Rs. 6,000 crores outlay over 5 years.

❖ Integration of Udyam Portal with the National Career Service (NCS) to enable registered MSMEs to search for jobseekers.

❖ Relief under Vivad se Vishwas – I, including a refund of 95% of performance security, bid security, and liquidated damages for MSMEs, and relief for debarred MSMEs due to contract execution defaults.

❖ Samadhaan Portal introduced from October 30, 2017 for monitoring outstanding dues to MSEs from buyers of goods and services.

❖ National SC-ST Hub has been launched to promote entrepreneurship culture in the SC-ST community and fulfil the 4% procurement target mentioned in the Public Procurement Policy order, 2018. To boost entrepreneurship among SC/ST population and for maximum on-ground penetration, several interventions have been undertaken to cater to the challenge of market linkages, finance facilitations, capacity building etc.

Conclusion

National Small Industry Day 2024 serves as a powerful reminder of the significant contributions that Micro, Small, and Medium Enterprises (MSMEs) make to India's economic and social landscape. Through resilience, innovation, and adaptability, MSMEs have consistently driven the nation's growth, providing employment to millions and fostering inclusive development. The various government initiatives, from Udyam Registration to the PM Vishwakarma scheme, underscore the commitment to nurturing and empowering these enterprises, ensuring they remain a cornerstone of India's progress. As we celebrate this day, it is essential to continue supporting and strengthening the MSME sector, recognizing its vital role in shaping a prosperous and inclusive future for the nation.

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