

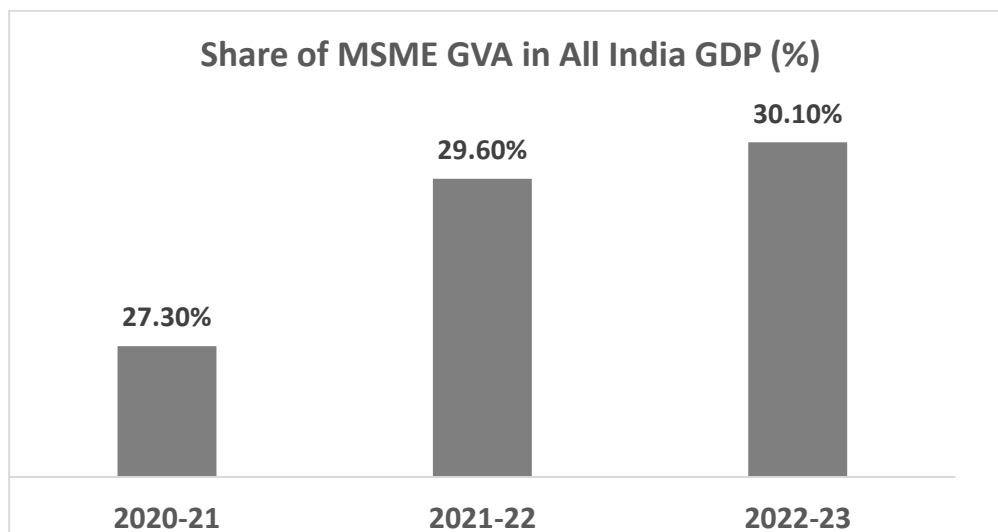


The MSME Revolution

Transforming India's Economic Landscape

23 December 2024

Micro, Small, and Medium Enterprises (MSMEs) exports have witnessed a remarkable rise, increasing from **₹3.95 lakh crore** in 2020-21 to **₹12.39 lakh crore** in 2024-25, underscoring their critical role in boosting India's economy and strengthening global trade. The total number of exporting MSMEs in 2024-25 has also increased considerably from **52,849** in 2020-21 to **1,73,350** in 2024-25.¹ MSMEs demonstrated an exemplary growth trajectory, contributing **45.73%** to exports in 2023-24, which increased to **45.79%** by May 2024, highlighting their growing impact on India's trade performance.



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 **30.1% in both 2022-23**. 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**. These figures highlight the sector's pivotal role in driving economic growth and stability, reflecting its enduring strength and importance to the Indian

¹ LOK SABHA UN STARRED QUESTION No. 2786

economy.²

Year Wise MSMEs scaled up Under Udyam Since 01/07/2020 to 24/07/2024		
FY	Micro to Medium	Small to Medium
2020-21 to 2021-22	714	3,701
2021-22 to 2022-23	1,221	6,476
2022-23 to 2023-24	1,835	15,918
2023-24 to 2024-25	2,372	17,745

The growth in MSME sector is reflected in the scaling up of small and micro enterprises into medium enterprise. In accordance with the Revised Classification applicable w.e.f 1st July 2020, MSME are classified as below:

- ❖ **Micro Enterprise:** where the investment in plant and machinery or equipment does not exceed one crore rupees and annual turnover does not exceed **five crore** rupees.
- ❖ **Small Enterprise:** where the investment in plant and machinery or equipment does not exceed ten crore rupees and annual turnover does not exceed **fifty crore** rupees.
- ❖ **Medium Enterprise:** where the investment in plant and machinery or equipment does not exceed fifty crore rupees and annual turnover does not exceed **two hundred and fifty crore** rupees.

Between July 1, 2020, and July 24, 2024, a significant number of enterprises transitioned to Medium enterprises. During the financial year 2020-21 to 2021-22, **714** Micro enterprises scaled up to medium and **3,701** Small enterprises were upgraded to Medium enterprises. This number increased steadily with the financial **year 2023-24 to 2024-25** witnessing further growth, with **2,372** Micro enterprises and **17,745** Small enterprises scale up to Medium. This progression reflects the robust growth and dynamism of the MSME sector in India.³

MSME's are the backbone of India's economic landscape, pivotal in employment generation, entrepreneurship promotion, and economic development. Through resilience, innovation, and adaptability, MSMEs have consistently driven the nation's growth, providing employment to millions and fostering inclusive development. As India strives to position itself as a global economic powerhouse, the MSME sector undoubtedly plays a central role, fostering innovation, generating employment, and enhancing export competitiveness.

² LOK SABHA UNSTARRED QUESTION NO. 2855

³ RAJYA SABHA UN STARRED QUESTION No. 741

References

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