

An Analysis of Government Efforts to Advance India's Micro, Small, And Medium-Size Enterprise Sector

Dr. Sindura Bhargav¹, Dr. Nikita Dholakia², Dr. Premendra Sahu³

¹ Asst. Professor, Shri Rawatpura Sarkar University, Raipur.

Email: sindura.bhargav@sruraipur.ac.in

² Asst. Professor, Shri Rawatpura Sarkar University, Raipur.

Email: drnikitad@sruraipur.ac.in

³ Associate Professor, MSMSR, Mats University, Raipur.

Email: drpremendas@matsuniversity.ac.in

ABSTRACT

"Skill development of the new generation is a national need and is the foundation of Aatmnirbhar Bharat," stated the Right Honorable Prime Minister, Narendra Modi. The Indian economy, which employs close to 11 Cr. people and accounts for more than 30% of the country's GDP and industrial output, is renowned for being based mostly on MSMEs. The Indian government has taken the initiative to ensure that MSMEs receive all of the advantages of various MSME schemes on time. Micro, Small, and Medium-Sized Enterprises (MSMEs) are critical to the growth and development of India's economy. Particular contributions from this sector are made to employment generation, industrial output, exports, innovation, and inclusive socioeconomic development. In order to promote the growth and longevity of MSMEs across the country, the Indian government has implemented a number of laws and programs..But MSMEs have several challenges when it comes to getting formal credit, generating jobs, selling directly to the government, producing high-quality goods, getting microcredit, ignorance, and other problems. The government has previously launched a number of initiatives to help new businesses overcome these obstacles. Nevertheless, many units are not receiving the benefits they should because of a lack of understanding of the many applicable programs. MSMEs still face a number of obstacles and difficulties when trying to get funding from banks and other financial institutions. The government has previously made significant efforts to help this industry receive credit, but much more work is still needed to meet the MSME sector's actual financial needs. Given that it increases employment opportunities and supports government efforts to mitigate other macroeconomic problems like inflation, large budget deficits, poverty, and imbalance of payments, the MSME sector in India has a bright future. The current analysis presents the government's endeavors for the MSME sector as well as the execution and advancement of significant programs within the current circumstances.

Keywords: MSME, Government, Schemes, Economy, Digital, Promote.

I. INTRODUCTION

In order to achieve the goal of developing the \$5 trillion economy of the country, the Indian government has put in place a number of initiatives targeted at resolving the problems faced by MSMEs. 30% of India's GDP and 45% of its exports are derived from its 63.4 million MSMEs, which make up a large portion of the nation's economy. It is the second-largest employer in the country, employing about 120 million people. MSMEs' adaptable organizational structure and inherent nature allow them to swiftly adapt to shifting market conditions. Their ability to adapt strengthens their resistance to fluctuations in the economy. In terms of employment, value chain creation, foreign exchange profits, supply to large industries, promotion of regional balance, and inclusive development, the MSME sector is a critical component of overall economic growth and development. At both the federal and state levels, politicians have made this sector their top priority. The MSME sector has been supported by the Indian government through a number of national initiatives. Many MSMEs benefited from these schemes. The government is working hard to maintain the MSME sector's competitiveness. MSMEs are currently feeling the full force of the digitization trend. MSMEs are essential to the expansion of the Indian digital economy, and their success online can positively affect the country's overall economic growth. As a result, in order for MSMEs to fully benefit from digital technology, it is imperative that they receive the assistance and resources that they need. However, the MSME sector still needs quick access to finance-related services, development of MSME entrepreneurs' skills and expertise, improvement of the workers' social security program, lack of adoption of environmentally friendly technology, need for green finance, etc.

This article aims to highlight the main obstacles to the growth of MSMEs in India, as well as the schemes available for the MSME sector and the impact of digitalization on them.

II. LITERATURE REVIEW

There is abundant literature available related to the MSME sector of India. Over the years, many studies have sought the MSME sector to mention various aspects of this sector like- necessity, role, digitalization, performance, the role of government, growth strategy, challenges & opportunities, etc. The understand how organizations might successfully utilize CRM in their own business for the effectiveness of relationship strategies.

Buteau, S described that India's MSMEs market might be completely changed by generating a digital ecosystem for them. One important recognition to facilitate small firms' digital transformation is that a deeper comprehension of this market segment is necessary. Digital resolutions must take into account the group's heterogeneity, as micro-enterprises make up the majority of its members. This would infer that flexible and innovative design should be allowed into digital solutions for MSMEs. Programs for digital awareness implemented by the government must take this into account.

Pooja Khatri highlighted that despite several initiatives taken by the government, MSME units nevertheless confront a lot of difficulties. Among the obstacles associated with finance include the inability to obtain cash in a timely manner for working capital requirements, needs connected to expansion and internationalization, lack of consulting help, protracted procedures, intricate documentation, unavailability of collateral, etc. This industry is technologically backward for a number of reasons, including a lack of access to the most recent technology capabilities, need-based research initiatives, a shortage of skilled labor, low ICT literacy, etc. Human resources are not adequately trained in modern and professional production, finance, accounting, marketing, etc. abilities.

Srirang K Jha and Ashish Kumar highlighted that because, there are significant unpaid invoices accumulated in the various agencies of the Indian government, state governments, public sector enterprises, and sizable private businesses, the MSME sector is fighting for its life. For all parties involved, the MSME sector's situation is probably going to have disastrous consequences.

Dr. P. Mari Selvam described that although the government has taken steps to promote productivity, the MSME's share of the GDP has not improved to a level that is acceptable over the past years.

Dr. Sanjeeb Kumar Dey analysed that small and Medium Enterprises (SMEs) play a vital role in economic development by generating jobs for both urban and rural populations, bringing goods and services to market at competitive prices, and fostering sustainable growth in the economy as a whole. Small and medium-sized enterprises (SMEs) in India have several challenges, including inadequate and delayed bank financing, unavailability of appropriate technology, inefficient marketing due to resource constraints, and a shortage of competent labour.

Thakkar Himanshu & Kushwaha Manisha described that The MSME sector is a boon to the economy but it also faces problems and challenges. The government should support SMEs by solving problems with the help of bringing new- new schemes. they can create more jobs and increase their share in the economic development of the country. 65-70 percent of jobs are created in small and medium enterprises like China and Japan and India's employment rate is a round 50 per cent, and progress is possible by providing policy incentives.

Kommu Raju & Dr.Pinakapani Peri highlighted that to assist in reviving the nation's manufacturing sector, the government has announced plans "Aatma Nirbhar Bharat Abhiyan" program. Without focusing towards the MSME sector, which employs around one in every 14 Indians and contributes roughly 46% of India's exports, the "Aatma Nirbhar Bharat Abhiyan" plan will not be successful.

III. RELEVANCE OF STUDY

In light of current affairs, this study is essential to understanding recent government measures pertaining to MSMEs. Many MSMEs are fighting to survive in the age of digitization, and the Indian government has introduced numerous initiatives to aid them. In order to ensure the sustainability of MSME sector, it is imperative to assess the effects of digitalization in this industry.

IV. OBJECTIVES OF STUDY

- To analysis the programs and internet resources accessible to the MSME sector
- To examine the impact of digitalization on the MSME sector.
- To offer suggestions and suitable remedies for the MSME sector's development

V. DATA COLLECTION

The present study is completely based on secondary sources of data collection such as policy documents, newspapers, books, journals, articles, magazines, annual reports, thesis and web resources, etc.

VI. INDIAN MSMEs SECTOR- AN INTRODUCTION

The definition of MSMEs as defined by the Indian central government is based on the amount of money invested in plant and machinery or equipment for businesses engaged in manufacturing as well as in equipment for businesses engaged in providing services. Another step towards improving India's economic status was taken by the Finance Minister, who changed the definition of MSMEs. Without a doubt, it will increase opportunities for investments and jobs through MSME schemes. On May 13, 2020, the Atmnirbhar Bharat package unveiled the MSME definition, marking the 14th anniversary of the MSME Development Act's 2006 passage. The classification is under as of July 1, 2020, the most recent change.

Units	Investment & Turnover
Micro Small	Less than 1 crore & up to 5 crores
Medium	Lessthan10crores&upto50crores Lessthan50crores&upto250 crores

Globally, MSMEs are important in every nation. Micro, Small, and Medium-sized Enterprises (MSME) Day was observed by the UN on June 27, 2017, in honor of MSMEs' significant contributions to the global economy and their involvement in achieving the Sustainable Development Goals (SDGs). They are in favor of creativity, inventiveness, and equitable labor for all. The Ministry of Statistics & Programme Implementation conducted the 73rd National Sample Survey (NSS) during 2015 and 2016, and the results showed that there were 633.88 lakh non-agricultural households that were not incorporated. The nation's MSMEs engaged in a wide range of economic activities, such as trading (230.35 lakhs), manufacturing (196.65 lakhs), non-captive power generation and transmission (0.03 lakhs), and other services (206.85 lakhs). The following regulations apply to the registration of certain MSMEs.

- Sections 2m(i) and 2m(ii) of the 1948 Factories Act,
- The 1956 Companies Act, and
- Construction activities falling under Section F of National Industrial Classification (NIC) 2008

According to the MSME annual report 2022–2023 there are 633.88 lakh MSMEs operating in India. 630.52 lakh businesses, or nearly 99.47 percent of MSMEs in India, are classified as microenterprises. Small firms make up 3.31 lakh enterprises, or 0.5% of all MSMEs. Just 0.05 lakh companies, or 0.01% of all MSMEs, qualify as medium-sized enterprises. A total

of 324.88 lakhs (51%) of enterprises are functioning in rural areas compared to 309 lakhs (49%) in Urban areas. 10 crore employment are produced by the MSME sector (367.18 lakh in trade, 360.41 lakh in manufacturing, 0.07 lakh in non-captive electricity generation and transmission, and 362.82 lakh in other services). As a result, it creates 55% of jobs in cities and 45% in rural areas. MSMEs' adaptable organizational structure and inherent nature allow them to swiftly adapt to shifting market conditions. Their ability to adapt strengthens their resistance to fluctuations in the economy.

MSMEs in India (in Lakhs)				Percentage
Category	Rural	Urban	Total	
Manufacturing	114.14	82.5	196.64	31.02
Electricity	0.03	0.01	0.04	0.01
Trade	108.71	121.64	230.35	36.34
Other Services	102	104.85	206.85	32.63
Total	324.88	309	633.88	100

Nature of Enterprises (in Lakhs)	Rural	Urban	Total	Percentage
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Micro	324.09	306.43	630.52	99.47
Small	0.78	2.53	3.31	0.52
Medium	0.01	0.04	0.05	0.01
Total	324.88	309	633.88	100

VII.MAIN SCHEMES FOR THE MSME SECTOR

The Indian government and other financial institutions have taken major actions to make sure these enterprises can obtain sufficient MSME loans to guarantee their ability to continue growing. The following is a summary of such schemes ,and programmes that could be beneficial to the MSMEs sector.

Prime Minister's Employment Generation Programme (PMEGP)- Combining the Prime Minister's Rojgar Yojana (PMRY) with the Rural Employment Generation Programme (REGP), the Prime Minister's Employment Generation Programme (PMEGP) is a large credit-linked subsidy program. The formation of micro-enterprises in the non-farm sector in both urban and rural areas is the aim of both programs, which seek to generate employment. The program was introduced on August 15, 2008. The following are this scheme's salient features. This is a central sector scheme.

- 1- The initiative is under the direction of the Ministry of Micro, Small, and Medium Enterprises (MSME).
- 2- At the national level, the Khadi and Village Industries Commission (KVIC) is in charge of carrying out the program. It serves as the only nodal agency for carrying out the program.
- 3- A number of banks, state-level District Industries Centers (DICs), State KVIC Directorates, and state-level Khadi and Village Industries Boards (KVIBs) are utilizing this scheme.
- 4- Benefits under this program are available to individuals over the age of eighteen, self-help groups (SHGs), cooperative societies, and organizations established under the Societies Registration Act of 1860.
- 6- Only newly established units and those that have benefited from government subsidies under state or federal programs are eligible for assistance under the PMEGP; existing units are excluded.
- 7- To achieve inclusive growth across the country, a minimum of 75 projects will be awarded to each district.
- 8- Candidates from the northeastern region (NER) in rural regions, women, OBCs, SC/STs, and physically challenged individuals are entitled for a greater amount of subsidy.

Loan for Up-Gradation of the Existing PMEGP/REGP/MUDRA Units-The goal of the initiative is to upgrade and grow existing units while providing financial support to well-established, high-performing units. The initiative would also assist entrepreneurs in automating and introducing new technology to update the existing operation. In order to receive the benefits of this scheme, you must register for an Udyog Aadhar Memorandum (UAM) or UDYAM.

- An additional financial support program for the 2018–19 manufacturing and service/trading units, as well as for the expansion and modernization of the current PMEGP/REGP/MUDRA units.
- The project's maximum cost for upgrading in the manufacturing sector is Rs. 1 crore, and for services and trading, it is Rs. 25 lakhs.
- Determined subsidy would be 15% of the project cost (20%) for NER and Hill States i.e. Rs. 15.00 lakhs in Non-NER and Rs. 20.00 Lakh for NER and Hill States. The balance amount of the total project cost shall be provided by Banks as a term loan.
- All existing units financed under the PMEGP/MUDRA Scheme whose margin money claim has been adjusted and the first loan availed has been repaid in the stipulated time are eligible to avail of the benefits
- The units should have been making a profit for the last three years.
- Beneficiary can apply to the same financing bank, which sanctioned the loan for their unit, or to any other financing bank, which is willing to extend credit facility for 2nd loan.
- The beneficiary can choose any implementing agency and that may be different from the agency chosen for 1st loan.
- The 2nd loan should lead to additional employment generation.
- To apply for the 2nd loan for up-gradation, the beneficiaries have to apply by filling application form on the PMEGP e- Portal.

Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE)- This scheme's primary goal is to incentivize first-generation entrepreneurs to pursue self-employment prospects by providing credit guarantee support for loans to Micro and Small Enterprises (MSEs) that are devoid of collateral or third-party guarantees. Both current and prospective entrepreneurs are eligible to receive benefits from this program. The Credit Guarantee Fund Trust for Micro and Small Enterprises was established by the Indian government and SIDBI (CGTMSE). The following are this scheme's principal highlights.

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- Guarantee cover age ranges from 85% (Micro Enterprise up to Rs5 lakhs) to 75% (others).
- 50% cover age is for retail activity.
- Guarantee fee reduced to diminish the overall cost of borrowings to MSEs
- Micro Finance Institutions as Member Lending Institutions (MLIs) are now eligible
- Concessions related to fees and increased cover age to SC/STs
- 10% reduction in the guarantee price and an 85% increase in coverage for women, ZED-certified units, and units in aspiration districts
- Annual Guarantee Fee structure revised and fee reduced to as low as 0.37%

Micro & Small Enterprises Cluster Development Programme (MSE-CDP)-The primary goal of this program is to assist MSEs in growing and becoming more sustainable by addressing common issues such as talent and quality enhancement, market accessibility, technological innovation, etc. By using a cluster strategy, this program will support MSEs' overall development by increasing their productivity and competitiveness. The following are this scheme's primary characteristics.

- Build or modernize infrastructure in MSE clusters and new or existing industrial areas.
- Launch the common Facility Centres (to support production processes, test, train, store raw materials, treat wastewater, etc.).
- Encouraging the clusters to use sustainable and green manufacturing technologies.

Scheme of Fund for Regeneration of Traditional Industries (SFURTI)- By boosting production and value addition to make products competitive and support traditional sectors, the SFURTI initiative seeks to transform traditional industries and craftsmen into enclaves and boost artists' incomes through long-term employment. For each project, a maximum of Rs 8 (eight) crore will be set enough for the financial support of Hard, Soft, and Thematic interventions. The Revamped SFURTI project, which had an initial investment of Rs. 149.44 crore, started operating on August 1, 2014, with the goal of establishing 71 clusters (including coir) that would provide services to over 44500 artisans. More changes to the regulations were implemented on June 30, 2015, with the goal of reducing obstacles and streamlining the fund flow and approval process. All MSME DIs, all DICs of the State Government, KVIC, Coir Board, IIE Guwahati, NIMSME Hyderabad, and NIESBUD Noida are the Nodal Agencies. 32 DPRs in their final form and 71 clusters in concept have been accepted by the Scheme Steering Committee (SSC) with money totaling Rs. 65.87 crore, of which Rs. 30.30 crore has been released. So far, 30438 artisans have reaped the benefits.

Entrepreneurship and Skill Development Programme (ESDP)- This program's main objective is to encourage and grow entrepreneurship. Young talent is developed through regular programs that teach them about the various aspects of business and industrial operations required to construct MSEs. These initiatives are available to youth as well as to anyone else who desires to launch their own company or work for themselves. Events of this nature are also organized by ITIs, Polytechnics, and other technical and business schools with the goal of motivating students to explore self-employment based on their abilities and skills. The initiative aims to educate and encourage self-employment and entrepreneurship among diverse populations, including as women, disabled persons, ex-service members, SC, ST, and BPL people. Under the program, opportunities for entrepreneurship and skill development would be provided in the

following areas: agro-based products; hosiery; food and fruit processing; carpet weaving; mechanical engineering workshops and machine shop; heat treatment; electroplating; basic to advanced welding; fabrication; sheet metal work; basic to advanced carpentry; glass and ceramics, etc.

Additionally, the program would train current business owners and their supervisory staff in areas such as information technology, digital marketing, documentation and procedures, materials management, financial or working capital management, information technology, industrial management, human resource management, marketing management, export management, and documentation and procedures.

The following activities are conducted under the ESDP scheme.

- Industrial motivational campaign-two days
- Entrepreneurship awareness programme (EAP)–two weeks
- Entrepreneurship-cum-skill development programme (E-SDP)–six weeks
- Management development programme (MDP)–one-week scheme

Assistance to Training Institutions (ATI) Scheme- In the form of capital grants, the support is provided to national training facilities managed by the Ministry of MSME, namely NI-MSME, KVIC, Coir Board, Tool Rooms, NSIC, and MGIRI, with the goal of constructing and enhancing the infrastructure and offering help for training initiatives targeted at fostering entrepreneurship and skill development. Additionally, assistance is provided to establish, improve, or expand the training infrastructure of State-level EDIs that are already operational—that is, they are owned and run by a State Government or UT. No more help will be given than what is required to strengthen or extend the infrastructure that this Ministry's training facilities need. A maximum of Rs. 3.00 crore per instance will be the maximum support that the State level EDIs can receive. Initiatives aimed at developing skills will receive support at the designated rates.

Coir Vikas Yojana-The program will help establish new "State of the Art" Coir Processing Units, providing manufacturing units with access to modern infrastructure facilities that will increase quality and productivity and create job possibilities, especially for women residing in rural areas. finance for the construction of a new unit, the renovation of an existing one, or the purchase of qualified plant and equipment.

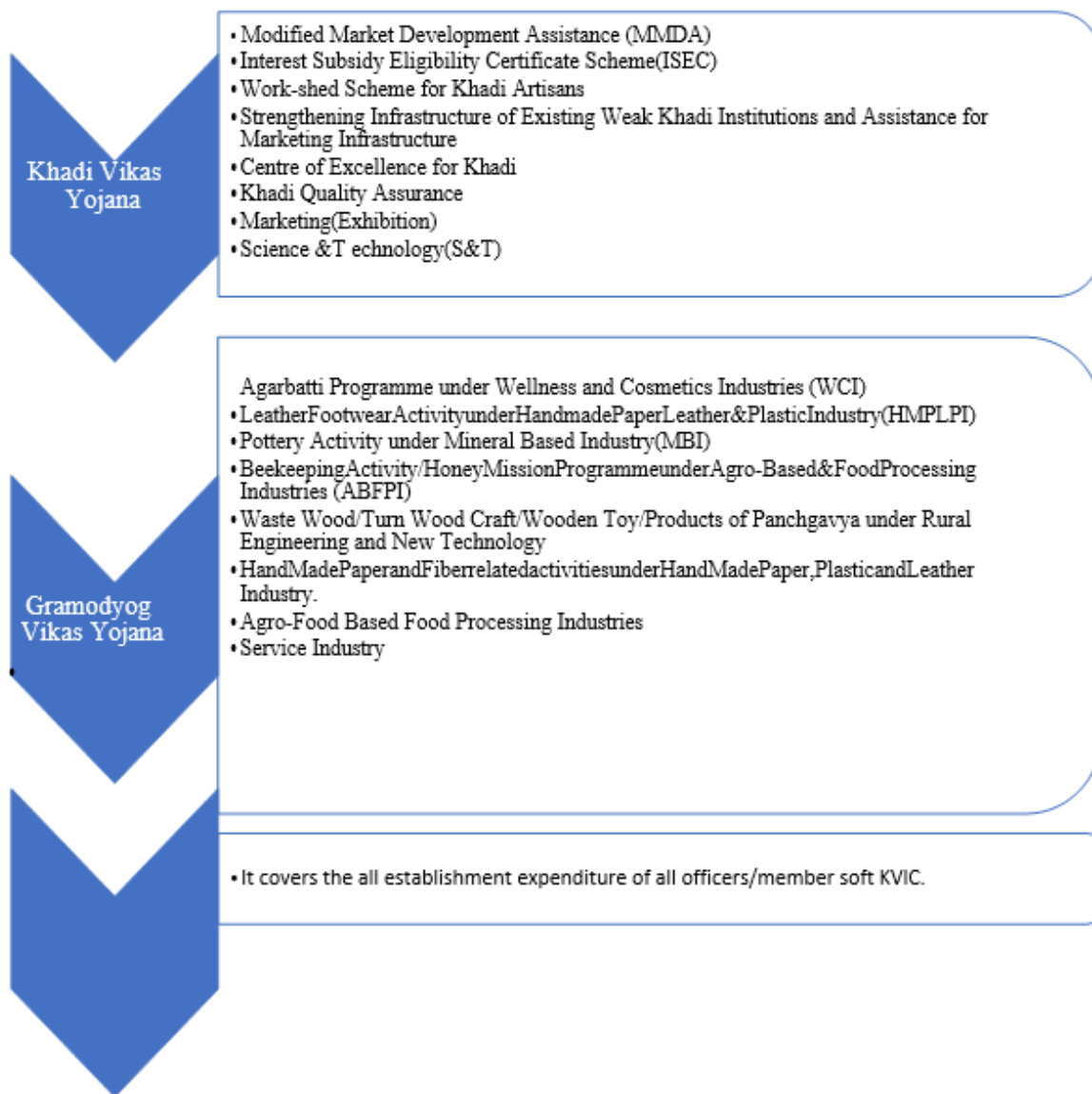
Procurement and Marketing Support (PMS)- This scheme aims to bring MSMEs up to date on the latest packaging technologies, GeM Portal, MSME conclave, import-export policies and procedures, and the significance, methods, and processes of packaging in marketing. It also encourages the creation of new market access projects, such as MSME Expos, exhibitions, national and international trade fairs, etc. increasing awareness of trade events, barcodes, e-marketing, digital advertising, GST, GeMportal, and other pertinent topics, etc. This program examines the areas of capacity building, vendor development programs, infrastructure development for retail outlets to promote geographically indicated (GI) products, and expansion of retail outlets.

International Cooperation (IC) Scheme- This program aims to increase MSMEs' capacity for entering the export market by providing them with actionable market intelligence, covering a range of export-related expenses, and assisting them in participating in international exhibitions, fairs, conferences, seminars, and buyer-seller meetings abroad. The Scheme provides MSMEs with the opportunity to regularly update themselves, enabling them to respond to shifting demands, new markets, technical improvements, and other issues. The program covers the following activities:

- Among other goals, MSMEs business delegation's visit foreign trade shows, displays, and other events to look into new opportunities for technology infusion or upgrading, support joint ventures, increase the market for MSMEs' products, and collaborate globally.
- Indian MSMEs' attendance at and involve minting local trade shows, exhibitions, and buyer-seller event shield broad.
- Indian MSMEs' participation in international trade shows and exhibitions that are hosted in India and attract visitors from other countries.
- Organizing international seminars and conferences with subjects and topics relevant to MSMEs in India.
- The Ministry of MSME or its organizations holding or planning international conferences, seminars, or workshops in India.
- The IC Scheme offers reimbursement-based financial support for spacerental and airfare.

Khadi Gramodyog Vikas Yojana (Umbrella Scheme)-

In previous planer as, the Khadi and Village Industries sectors have several separate projects designed to address the needs of the KVI sector. All of the current Khadi and Gramodyog Vikas Yojana (KGVY) schemes, sub-schemes, and components were combined and placed under one umbrella program in November 2019. KGVY is a Central Sector Program; the State is not participating in any way. This scheme has the following three elements.



Udyog Aadhar Memorandum (UAM)- Due to the extensive paperwork required for registration of a unit, many businesses in India were unable to take advantage of the government incentives that are available to them. The one-page Udyog Aadhaar Memorandum (UAM) is used by Micro, Small, and Medium-Sized Enterprises (MSME) to register as an entity. Aadhaar registration through Udyog has replaced the old procedure that required a lot of paperwork. It is essentially a self-declaration format in which the MSME will attest to its existence and other necessary basic data. This scheme was notified in September 2015 to improve ease of doing business.

A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE)- The Ministry of Micro, Small, and Medium Enterprises promoted the ASPIRE Scheme. This scheme focuses on the promotion of innovation, entrepreneurship, and agro-industry through the technology business incubator, fund of funds for start-up creation in the

agro-based industry, and rural livelihood business incubator (LBI). This scheme aims to reduce unemployment and create new jobs, encourage an entrepreneurial culture in India, support district-level economic growth, help creative businesses find answers to unmet societal demands, and encourage innovation to boost the MSME sector's competitiveness. There is a Rs. 200 crore corpus in the ASPIRE Scheme fund.

Employment Exchange for Industries- Minister of Micro, Small, and Medium Enterprises, launched the Employment Exchange for Industries digitally in 2015. The employment exchange for industries programme is designed in keeping with the Prime Minister's vision of Digital India's mission in which job seekers may connect with companies and vice versa. This programme helps to foster an atmosphere of growth and wealth and facilitates match-making between prospective job seekers & employers on digital platforms.

Pradhan Mantri Mudra Yojana- An important initiative of the Indian government for micro-enterprises is the Pradhan Mantri Mudra Yojana (PMMY). It was launched on 8th April 2015, which aims to "fund the unfunded" by integrating these businesses into the formal banking system and providing them with credit at reasonable interest rates. Under this scheme, a small borrower can obtain loans up to Rs 10 lakhs for non-farm income-generating activities from all Public Sector Banks, including PSU Banks, Regional Rural Banks, Cooperative Banks, Private Sector Banks, Foreign Banks, Micro Finance Institutions (MFI), and Non-Banking Finance Companies (NBFC). The following are the three categories of loans under the Pradhan Mantri MUDRA Yojana.

Shishu: offering loans up to fifty thousand.

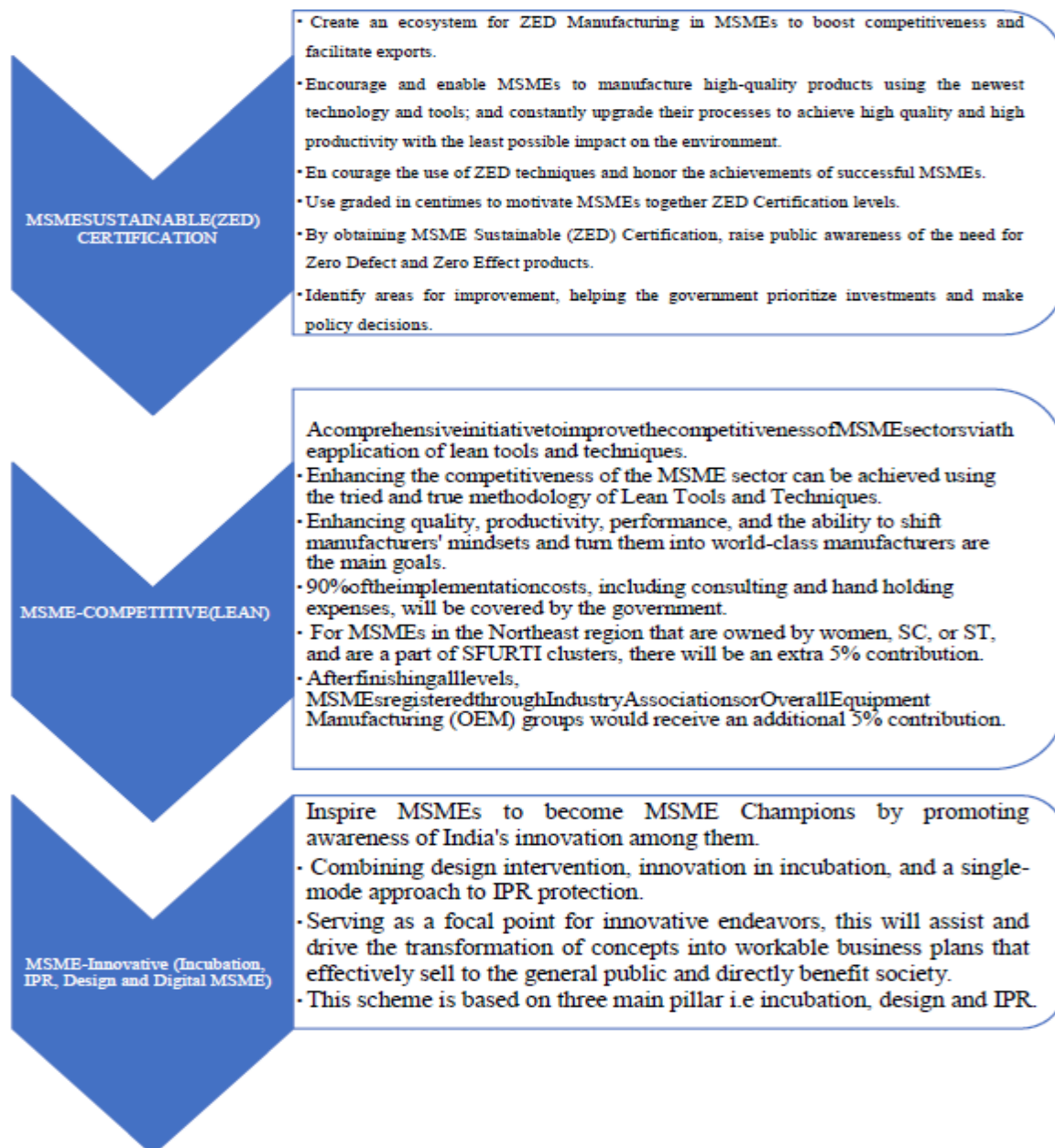
Kishor: providing loans up to and including Rs.5 lakh.

Tarun: providing financing up to 10 lakh and over Rs.5 lakh

Stand Up India scheme- The Ministry of Finance introduced the Stand Up India Scheme on April 5, 2016, to foster entrepreneurship at the local level with an emphasis on job creation and economic empowerment. This program has been extended to 2025. This scheme encourages women who belong to the Scheduled Caste (SC) and Scheduled Tribe (ST) categories to pursue business. Lending should be extended to newly established businesses engaged in trading, manufacturing, services, and agriculture-related industries. Allow at least one SC/ST borrower and one women borrower in each Scheduled Commercial Bank branch to receive bank loans between Rs. 10 lakh and Rs. 100 lakh. In non-individual businesses, women or SC/ST entrepreneurs should own at least 51% of the controlling and shareholding stake. The interest rate would be the bank's lowest applicable rate for that category (rating category), not to exceed (MCLR + 3% + tenor premium). A maximum moratorium duration of 18 months is combined with a maximum payback period of 7 years. The Stand Up India Scheme has undergone modifications in response to a declaration made by the Union Finance Minister during the FY2021–2022 Budget Speech in the term of the borrower's required margin contribution has been lowered from "up to 25%" to "up to 15%" of the project's total cost. However, the borrower will remain to make a personal contribution of at least 10% of the project's cost and loans to businesses engaged in "agriculture-related activities."

Trade Receivables Discounting System (TReDS) Online Platform- Micro, Small, and Medium-Sized Enterprises (MSMEs) can finance or discount their trade receivables through different financiers with the help of TReDS, an electronic platform. The PSS Act-2007 authorizes the TReDS payment mechanism. It is a platform that allows invoices and bills from MSMEs to be uploaded, accepted, discounted, traded, and settled. It also facilitates factoring of payables and receivables (reverse factoring). The TReDS involves direct participation from MSME sellers, corporate and other purchasers, government departments and PSUs, and financiers (banks, NBFC-Factors, and other financial institutions, where approved). All transactions handled through this system are "without recourse" to MSMEs. Receivables may be owed by corporations, public sector undertakings (PSUs), government departments, and other buyers. The primary goal of the TReDS is to enable the financiers to discount MSME vendor bills that are submitted to large corporations and other entities, such as government departments and Public Sector Undertakings (PSUs), to simplify its financing. In this approach, the parties cooperate to facilitate, approve, reduce, and pay the bills. Assistance in managing working capital requirements is the main goal of TReDS for MSMEs.

MSME Champions Scheme-This scheme was unveiled on the MSME Champions platform on 1st June 2020. CHAMPIONS is an acronym that stands for "Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength." Champions.gov.in is the URL where users can visit the portal. It is a one-stop shop for handling new setups during these trying times and complaints from MSME's. The Standing Finance Committee (SFC) created the MSME Champions program by combining all six elements of the former Technology Up gradation Scheme (TUS) for a five-year term, from 2021–2022 to 2025–2026. It is a holistic approach to bringing different plans and interventions together for a common goal. The ultimate goal is to choose business clusters and companies and assist their national and international reach and excellence while modernizing their processes, cutting waste, and enhancing business competitiveness. The new MSME Champions program consists of three parts, the specifics of which are listed below:



Atma Nirbhar Bharat Abhiyan-Atma Nirbhar Bharat Abhiyan is also known as Self-Reliant India Scheme. Atmanirbhar Bharat Abhiyaan Scheme was formally announced by the Indian Prime Minister to aid the nation in recovering from the economic shock caused by the COVID-19 outbreak. This campaign aims to turn a crisis into an opportunity, aims, to make India self-sufficient by decreasing dependency on imports and increasing the use of high-

quality native products. AtmaNirbhar Bharat Abhiyan Scheme was unveiled on May 12, 2020. The program aims to make India self-sufficient by decreasing dependency on imports and increasing the use of high-quality native products. The government's stated AtmaNirbhar Package offers the economy a range of support, especially for MSME sector entities. The government unveiled a special economic and comprehensive package worth Rs. 20 lakh crore; which is equivalent to 10% of India's GDP under Atmanirbhar Bharat for all segments of society, including MSMEs and the industrial sector. Addressing the financial difficulties faced by MSMEs, the government introduced multiple initiatives and revamped some previous ones.

The principal objective of the Atmanirbhar Bharat Abhiyan is to help the government realize the audacious aim of making India's economy a US\$5 trillion economy by making it self-sufficient. Below is a list of the main elements of the Atmanirbhar Bharat stimulus package related to the MSME sector.

- MSMEs: Subordinate Debt of Rs20,000 crore.
- Automatic loans for businesses, including MSMEs, at no cost and without collateral, upto Rs3 lakh crore.
- The MSME Fund of Funds would infuse Rs.50,000 crore in equity.
- Newly updated standards for MSMEs' classification.
- The New "Udyam Registration" MSME Registration Process.
- All international tenders for purchases upto Rs.200 crores would be prohibited, benefiting MSMEs.

Emergency Credit Guarantee Scheme- As a component of the Central government's self-reliance package amid the COVID-19 crisis, ECLGS was introduced in 2020. Its goal was to assist small companies that were finding it difficult to pay their operational expenses as a result of the countrywide shutdown. The National Credit Guarantee Trust Corporation (NCGTC) offers Member Lending Institutions (MLIs), which include banks, financial institutions, and non-banking financial corporation's (NBFCs), a 100% guarantee. The Guaranteed Emergency Loan Line (GECL) is the loan product for which a guarantee will be given under the plan.

The following ECLGS 1- To offer MSMEs, business enterprises, Mudra borrowers, and personal loans for business reasons extra credit that is totally guaranteed and collateral-free up to twenty percent of their outstanding credit as of February 29, 2020. MSMEs qualify if they had a turnover of Rs 100 crore and outstanding up to Rs 25 crore. But after ECLGS 2.0 was amended in November 2020, the turnover limit was eliminated.

ECLGS 2- The updated version concentrates on the healthcare industry as well as organizations in 26 high-risk industries that the Kamath Committee identified and that, as of February 29, 2020, have outstanding loans totalling more than Rs 50 crore and as much as Rs 500 crore. According to the plan, borrower accounts must have fewer than or equal to 30 days remaining on February 29, 2020; otherwise, no lender may classify them as SMA-1, SMA-2, or NPA. SMAs show the starting point for debt repayment default. Payments on SMA-0 accounts are either fully or partially past due for a period of one to thirty days; on the other hand, payments on SMA-1 and SMA-2 accounts are past due for periods of thirty-one to sixty days and sixty-one to ninety days, respectively. In the revised scheme, a facility for a repayment window of four years to five years was also made in ECLGS 1.

ECLGS 3- This involves extending credit by up to forty percent of the total amount owed to all lenders as of February 29, 2020. Loans granted under ECLGS 3.0 will have a 6-year term, with a 2-year moratorium. It encompasses businesses operating from February 29, 2020, to February 29, 2020, in the hospitality, travel & tourism, leisure, and sports sectors. If there was any overdue, it was for no more than sixty days, and the total amount owing did not surpass Rs 500 crore.

ECLGS 4- A 100% guarantee is provided for loans up to Rs 2 crore, with an interest rate of 5%, to medical institutes, hospitals, nursing homes, and clinics so they can establish on-site oxygen production plants.

Digital MSME Scheme- The key goal of This scheme is to give MSMEs digital capabilities and encourage them to integrate ICT tools and applications into their business and production processes to increase their competitiveness in both domestic and foreign markets. Many MSMEs will benefit from this scheme in terms of standardizing their business processes, increasing customer satisfaction, reducing carrying costs associated with inventory, improving delivery times, improving productivity, and improving the quality of their output. The main components of this scheme were the Awareness Programme and Workshop, Development of an e-platform, Development of software Apps for MSME, Digital Literacy and e-marketing, Training to MSME officials, MSMEs, Professionals etc, Digital Empowerment through Enterprise Development Centre (EDC), Assistance for IT infrastructure to various Implementing Agencies (IA) and Impact Assessment and Survey including Data Analytics.

VIII. ONLINE SUPPORT PLATFORMS FOR MSMEs

I- Udyami Mitra Portal- Micro, Small, and Medium-Sized Enterprises (MSMEs) can apply for financing more easily thanks to the Udyami Mitra Portal, which is governed by the Small Industries Development Bank of India (SIDBI). The Udyami Mitra portal was launched on 27 December 2017. It offers immediate financial support and professional advice to anyone who desires to launch their own business but is terrified of the associated expenses. Scheduled commercial banks guarantee that the 7.5% of adjusted net bank credit objective is met for micro-enterprises. Access to a collateral-free loan of up to Rs 10 lakh is one of the most attractive advantages for borrowers; for Micro and Small Businesses (MSEs), the loan facility can be initiated with just operating cash. With the help of application tracking, hand holding support, different interfaces with stakeholders, Udyami Mitra Portal is an enabling platform that seeks to provide "End to End" solutions for a variety of credit plus services in addition to credit delivery (i.e. lenders, service providers, applicants). 1.25 lakh lender branches and more than 17,000 non-financial services (17,000+ handholding agencies) are accessible through this portal. It offers lenders, hand holding agencies, and MSME loan applicants a distinctive platform for matching. Various MSME loan applications can be accepted by the portal due to its design. You can currently access loans up to 10 crore.

Udyam Sakhi - The Ministry of Micro, Small, and Medium Enterprises (MSME) launched the Udyam Sakhi Portal in 09 March 2018 to enlighten current and potential women entrepreneurs on the financial schemes, policies, and programs of the MSME. Women can launch, expand, and improve their enterprises with the aid of this portal. Women entrepreneurs can learn from this UDYAM SAKHI platform i.e. learning Resources for Entrepreneurship, creating a company strategy, Suitability of seminars, workshops, and training programmes, Details on programs and policies, Information for marketing, Support for Cluster Development Programs and Intellectual Property Rights (IPR) Assistance, building connections and hosting events to promote foreign business, business mentors and numerous other resources.

Psb59 Platform- Micro, small, and medium-sized enterprises (MSME), which are vital to India's socioeconomic growth, frequently encounter enormous obstacles while trying to get capital on time. Psb59 facilitates the lives of MSMEs by streamlining the credit managers' decision-making process and assisting in the prompt raising of capital for a range of business needs. With just one easy application and 59 minutes, you may receive digital approvals for MSME loans ranging from ₹10 lakh to ₹5 crores from psb59, the leader in MSME financing. The 59 Minutes MSME Loan initiative has proven to be a significant one for small businesses in India. Through the provision of collateral-free loans, streamlined loan approval procedures, and competitive interest rates, the initiative has expedited the growth of MSMEs. With more loans available to them, these companies are prepared to flourish and contribute to the development of a robust and resilient national economy.

Samadhan Portal- Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 addressed the problem of delayed payments to MSMEs. MSMEs can submit their online applications for delayed payments using the MSME Samadhaan portal. The concerned Micro & Small Enterprises Facilitation Council (MSEFC) of the buyer's state or union territory may receive an application from the supplier MSE unit against the buyer of goods or services. It is a platform launched by the Ministry of MSME on 30th October 2017. On the applications submitted through the MSME Samadhaan site, however, it does not directly act. Only the relevant MSEFC receives these applications from it. The MSEFC is the organization that acts appropriately in this regard. A site is merely one option; the MSEFC will also take into account submissions that are submitted physically. A Udyog Aadhar Memorandum is required for the firm to submit it on the MSME Samadhaan portal.

Udyam Assist Platform- To bring Informal Micro Enterprises (IMEs) inside the formal ambit for receiving benefits under Priority Sector Lending, the government launched UAP on January 11, 2023, as part of the MSME formalization effort. The Small Industries Development Bank of India (SIDBI) created the platform. According to the Government of India, an IME is an entity that cannot register on the Udyam Registration Portal (URP) because it does not have the necessary documentation, such as a Permanent Account Number (PAN) or Goods and Services Tax Identification Number (GSTIN). A significant portion of IMEs are not GST-registered. To make it easier for these IMEs to get a registration certificate through the Designated Agencies' (Das) Assist mode. The certificate obtained through the Udyam Assist Platform (UAP) will be treated on an equal footing with the Udyam Registration Certificate for IMEs.

Linkage of Various Govt. Portals- Udyam, e-Shram, National Career Service (NCS) and Aatmnirbhar Skilled Employee Employer Mapping (ASEEM) portals are interlinked. They will now assist as portals with live, organic databases, delivering G2C, B2C, and B2B services involving credit facilitation, skilling, recruitment, and cost-effectiveness.

IX. IMPACT OF DIGITALIZATION ON MSMEs

MSMEs are the growth engine of the economy. They are catalysts to social & economic development in the country to remove inequalities. The wave of digitalization is highly influencing MSMEs in the present scenario. The success of MSMEs on the digital edge can positively affect general economic development, and they are essential to the expansion of the Indian digital economy. Therefore, for MSMEs to effectively benefit from digital technology, it is imperative to equip them with the infrastructure and assistance they need. According to IBEF report, —MSMEs, Micro, Small, and Medium-Sized Enterprises (MSMEs) in India are quickly switching from cash to digital payments; currently, 72% of payments are made digitally, compared to 28% through cash. Increased digital use offers opportunities for the industry to grow even more. Between December 31, 2022, and December 19, 2023, there were 9,192 crore digital transactions valued at Rs. 2,050 trillion (US\$ 24.73 trillion).

The digital empowerment of MSMEs contributes to the development of an ecosystem that makes firms more aware of issues and capable of overcoming uncertainty by assisting them in understanding problems and visualizing solutions. MSMEs can differentiate themselves from other businesses by going digital. It is highly critical to develop entrepreneurs' digital skills in rural areas. Still, in rural areas, many MSMEs don't come under the digitalization wave due to a lack of financial literacy, technological issues, electricity issues, adaptational issues, etc. Many of them are not willing to touch digitalisation due to these reasons. Rural areas MSMEs' growth and resilience may be further improved by their digitalization. It is affordable, straightforward, and understated. To achieve the target of digitalization in rural areas, MSME-oriented services & products are essential i.e. developed technological support, resilience building, government measures, and data protection. As digitalization has grown in India, so too have the tasks that MSMEs must accomplish. There will be better opportunities to expand the business worldwide. Digitalization helps to reach a larger clientele in a global context, in contrast to offline setups, which are limited to a small audience. Now, it is not a matter of only growth, it is a matter of survival of Indian MSMEs. Digitalization provides growth in revenue, access to the worldwide market, operational efficiencies, enriched customer engagement, etc. Emerging technologies like ERP, E-commerce, and fin-tech platforms offer MSMEs special opportunities to grow their own business at world-level platforms at a low cost. Rural area MSMEs have to grab this offer as early as possible & other stakeholders should also think about making them empowered.

X. CHALLENGES BEFORE THE MSME SECTOR

The government of India is taking numerous steps nationwide to promote the MSMEs sector in overcoming obstacles in the country since independence. Many MSMEs benefited from these initiatives. The government is making every effort to maintain the MSME sector's competitiveness. Still, MSMEs are facing inadequate digital infrastructure & technical support in the rural areas. Digital technology has been highly influenced in the past few years but MSMEs have a digital knowledge gap in rural areas. Many MSME units are in the basics of these digital procedures and will need to be assumed to ensure that this system can be approved by everyone. Particularly in their early and growing stages, MSMEs need to be able to be quickly and adequately infused with cash through term loans and working capital loans.

However, this sector still has many challenges in India. Many units are facing several challenges across the country in various forms i.e. access to finance, technological upgradation, marketing promotion, inflation rate, cost-effectiveness, upskilling, stiff competitive environment, coping with scams, working from underground places, having inadequate working conditions, low production. Addressing these challenges can unlock even greater potential for MSMEs and further contribute to economic development. This sector is highly diverse, with some high-tech businesses operating in isolated areas and the bulk having a low technological foundation that lowers productivity and lowers product quality. Due to their tiny size, the units have limited access to financing and equity.

Rather than coming from banking institutions, the majority of equity comes from personal savings and loans from friends and family. Frequently, domestic savings or operations provide the credit instead of well-established networks of low-cost bank loans for working capital. The village industries and the lower echelons of micro-enterprises are severely affected by this issue.

Furthermore, the majority of MSMEs only carry out routine jobs that they may have purchased or borrowed from other businesses, and they are not very productive or valuable. The majority of MSMEs lack access to thoroughly researched databases, whether they are related to technology or market intelligence. Proactive and frequent dissemination of this information is required.

The MSME sector in India has been significantly impacted by the COVID-19 pandemic in the past few years. Mainly,

this pandemic presented hitherto unheard-of difficulties, upsetting supply chains, lowering consumer demand, and causing operations to stop. While fixed costs remained constant, many MSMEs experienced severe cash shortages as a result of their sharp decline in revenues. Other side, many geopolitical concerns like- Russia-Ukraine, Gaza-Israel, Indo-Pak, etc conflicts hinder the development of MSMEs in the country. The list of challenges of MSMEs is highly dynamic and influenced by domestic & global economic trends, and government policies. As MSMEs continue to grow and adapt to changing circumstances, their role in economic development is expected to expand further; if they can cope with these challenges.

XI. RECOMMENDATIONS FOR THE DEVELOPMENT OF MSME SECTOR

There is a well-known sentence that is —A thousand-mile journey starts with a single step. Government has implemented many schemes to promote the MSME sector & new schemes also according to their needs to achieve the target of 5 trillion-dollar economy. From the perspective of the MSME sector, this sector has a strong chain with the weakest link of financial strength. A part from finance, they have everything better i.e. ownership, type of work, availability of resources, business transactions. MSMEs in India faced numerous obstacles, including a lack of formal financial resources, challenging regulatory processes, and access to timely technology. Their backbone was shattered by a string of events that included demonetization in 2016, the implementation of the GST in 2017, and the COVID-19 impact.

Even though the Indian government has taken several actions to boost lending to this industry, the MSME still faces this as its most challenging issue. A recently launched report by Blinc Invest on the MSME sector's outlook reveals that the share of MSMEs in developing countries with unmet financial needs is about 40%. The total debt demanded by MSMEs in India is Rs 69.3 trillion, expanding at an 11.5% CAGR, compared to the entire credit deficit of Rs 25 trillion in the MSME sector. To address the funding challenges, the government has launched a number of MSME finance programs and loans in recent years. In the last few years, the government has introduced several MSME loans and MSME funding schemes to resolve the financing issues. The following recommendations can be given to accelerate and support the expansion & long-term viability of the MSME sector in India.

- 1- Provide MSMEs with easier access to financing by streamlining the loan application procedure, offering loans without collateral, and charging low-interests & requiring more budget to be devoted to MSMEs' assistance schemes by central & state governments.
- 2- Improve the knowledge and abilities of MSME entrepreneurs, and offer mandatory training and capacity-building initiatives in subjects including marketing, technology adoption, and financial management after a certain time gap.
- 3- Enhancement of social security programme for workers in formal & informal MSME sector.
- 4- Encourage MSMEs to participate in research and development & innovation hubs-related programmes & offer monetary rewards to MSMEs that engage in creative endeavours and partnerships with academic institutions.
- 5- Boost MSMEs to adopt environmentally friendly technologies and procedures by offering incentives and promoting sustainable business practices by offering green funding alternatives to assist MSMEs in implementing sustainable practices at low-interest rates.
- 6- Create opportunities for MSMEs to access markets by putting them in touch with large size of businesses, export markets, and government procurement opportunities & assist in meeting certification requirements and quality standards to improve competitiveness in local and global markets.

XII. CONCLUSION

MSMEs are the backbone of the Indian economy, making a substantial contribution to industrial production, employment, and the expansion of exports. Recognizing the significance of MSMEs, the government has put in place several programs and policies to aid in their growth. But to fully realize the potential of MSMEs, issues including restricted financing availability, infrastructure impediments, technology constraints, and the difficulty of regulatory compliance must be settled. MSMEs may prosper and continue to contribute to India's economic advancement and inclusive development by concentrating on overcoming these obstacles and establishing a favorable environment. The public and private sectors are striving to create better products that can be competitive in terms of both quality and price, and funding costs are gradually going down. Perhaps MSMEs can outperform larger companies if we eliminate corruption and priorities equality. Indian governments are concentrating on many initiatives to support MSMEs and raise their level of production. Additionally, they have implemented several cost-cutting measures, like giving MSMEs subsidies for land

and utilities and facilitating smaller businesses' access to financing. To seize these challenges, MSMEs need to be proactive in embracing technological advancements, exploring new markets, and continuously innovating. Collaboration, adaptability, and strategic planning are key elements for MSMEs to thrive in the dynamic business environment.

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