

# MSME SECTOR

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# INTRODUCTION

- As per the MSME Act, 2006, the MSME are classified in two classes—manufacturing and service enterprises—and they are defined in terms of investment in plant & machinery.
- The Micro, Small and Medium Enterprises (MSMEs) play a very vital role in the economy—3.6 crore such units employ 8.05 crore people and contribute 37.5 % to the country's GDP.
- The sector has huge potential for helping address structural problems like, unemployment, regional imbalances, unequal distribution of national income and wealth.
- Due to comparatively low capital costs and their forward-backward linkages with other sectors, they are headed to play a crucial role in the success of the Make in India initiative.

As per the Micro Small and Medium Enterprises Act, 2006, the MSMEs are defined as follows:

<i>Manufacturing Enterprises</i>	
• Micro Enterprises	• Investment up to ₹ 25 Lakh.
• Small Enterprises	• Investment above ₹ 25 Lakh & up to ₹ 5 Crore.
• Medium Enterprises	• Investment above ₹ 5 Crore & upto ₹10 Crore.
<i>Service Enterprises</i>	
• Micro Enterprises	• Investment up to ₹ 10 Lakh.
• Small Enterprises	• Investment above ₹ 10 Lakh & up to ₹ 2 Crore.
• Medium Enterprises	• Investment above ₹ 2 Crore & up to ₹ 5 Crore.

Realising the importance of the sector, over the time, the government has undertaken a number of schemes for the establishment of new enterprises and development of existing ones like:

- (i) PMEGP (Prime Minister's Employment Generation Programme),
- (ii) CGTMSE (Credit Guarantee Trust Fund for Micro and Small Enterprises)
- (iii) CLCSS (Credit Linked Capital Subsidy Scheme) for Technology Upgradation,
- (iv) SFURTI (Scheme of Fund for Regeneration of Traditional Industries), and
- (v) MSECDP (Micro and Small Enterprises Cluster Development Programme)

## Some of the recent initiatives undertaken by the government for the promotion and development of the MSMEs, have been as given below:

- (i) **UAM (Udyog Aadhar Memorandum):** The UAM scheme, notified in September 2015, to promote ease of doing business. Under it, entrepreneurs just need to file an online entrepreneurs' memorandum to get a unique Udyog Aadhaar Number (UAN)—a significant improvement over the earlier complex and cumbersome procedure.
- (ii) **Employment Exchange for Industries:** To facilitate match making between prospective job seekers and employers an employment exchange for industries was set up in June 2015 (in line with Digital India).
- (iii) **Framework for Revival and Rehabilitation of MSMEs:** Under this (May 2015), banks need to constitute a Committee for Distressed MSMEs to prepare a Corrective Action Plan (CAP) for them.
- (iv) **ASPIRE (Promoting Innovation and Rural Entrepreneurs):** Launched in March 2015 with the objective of setting up a network of technology and incubation centres to accelerate entrepreneurship and promote start-ups for innovation and entrepreneurship in rural and agriculture based industry.

THANK YOU