



Recent Trends in MSMEs in India: The Road Ahead

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ABSTRACT

India has a substantial base of 7.9 million Micro, Small, and Medium-Sized Enterprises that are officially registered. (MSMEs). The MSME industry segment, which accounts for 33% of the nation's GDP and generates wealth at the grassroots level by supporting jobs across industries and regions, generates over 120 million jobs. Small and medium-sized businesses (SMEs) and entrepreneurs contribute significantly to innovation and information dissemination, create jobs and income, address new or niche social needs, and promote social inclusion in national economies all over the world. However, SMEs are frequently more impacted than larger companies by structural policies and the business climate. The current paper discusses recent trends in MSMEs and how they significantly help accelerate the nation's economic growth in the coming times.

1. INTRODUCTION

The growth of the Indian economy is significantly influenced by the MSME sector in India. Additionally, the industry is a significant job, particularly in the nation's rural and less developed areas, which helps to balance out regional disparities. The sector supports other sectors by giving them access to raw materials and support goods. However, the industry confronts difficulties like getting the required finance and raw resources. The government supports the industry since it understands how important it is by offering various financial incentives and training. These elements increase sector competition while fostering India's economic expansion. Government subsidies for globally accessible technologies could help MSME businesses improve the quality of their products while utilising the available resources. Additionally, academic institutions must assist with this by offering services for product innovation. In five years, the Indian government wants to double its economy to US\$5 trillion. Career options for

the young people have been created in order to accomplish this goal, and MSMEs have the ability to play a significant role in creating jobs. As an effort to expand the industry's employment base, the government has started to support MSMEs. Additionally, the government is interested in raising GDP and MSME export participation.

The government should invest in expanding back-end services to boost the performance of the MSME sector, which supplies goods and services to large industrial businesses, in order to meet these goals. The sector is constrained by a lack of technologically based production activities and minimal R&D spending.

2. LITRATURE REVIEW

Recent research on MSMEs in the literature has focused on a number of topics related to their competitiveness, including open innovation (Torchia & Calabr, 2019), collaboration (Zahoor & Al-Tabbaa, 2020), performance assessment (Rojas-Lema et al., 2020), and sustainable

growth (Barbosa et al., 2020), among others. The Micro, Small, and Medium-Sized Enterprises (MSME) sector has developed into a very active and dynamic section of the Indian economy over the past 50 years. (Murthy, 2016). The MSME also contribute significantly to the growth of the economy with their effective, efficient, adaptive, and innovative business spirit. (Dey, 2014). Small and medium-sized enterprises (SMEs) are currently being prioritized for future growth, according to Venkatesh and Muthiah (2012), whose relevance in the industrial sector is growing significantly. Dr. Meeravali S., K. Ramesh et al. discovered that the contribution of manufacturing and service sector MSME to GDP is smaller, despite the fact that MSME total operating businesses, employment, and market value of fixed assets expanded at matching CAGRs of 4.39%, 4.75%, and 6.64%.

3. OBJECTIVE OF THE STUDY

To Study the recent trends in MSMEs in India

4. METHODOLOGY

The study is based on secondary data from various publications and reports to review the recent trends in MSMEs in India.

5. DISCUSSION

Recent Trends in MSMEs in India

1. Digital Transformation

Digitalization is the process of changing an existing business model to include digital technologies. It might present new potential for generating revenue and adding value. The COVID-19 epidemic helped the MSME ecosystem make a big transition from the conventional method to the digital medium. MSMEs in a variety of industries can hasten the digitization process to increase productivity, efficiency, and skill levels. As part of the government's Digital India agenda, numerous firms are anticipated to continue this momentum in 2023. Among the leading MSME sectors to embrace the "big digital shift" are the textile sector and the gems and jewellery sector. Digital platforms will propel MSMEs' development and growth at cheap costs, minimal investments, and high levels of innovation, which can boost various businesses.

2. Legal Registration of MSMEs

Unrecognized or uncategorized MSME enterprises may benefit from legal business registration in order to become recognised entities and have access to resources including government programs, business credits, and tax advantages. This campaign helped a number of MSME owners grow their visionary companies. To help this underserved sector of India, the Ministry of MSME and the Government of India started the formal registration of MSME.

For access to the advantages and programmes provided by the Ministry of MSME, informal MSMEs can register for "Udyam Registration" whether they are new or already exist. Nearly 20,000 new registrations are made every day on the "Udyam" or "MSME Registration" Portal, which will have 1.31 crore MSMEs registered by 3 January 2023. The goal of the Udyam Registration Portal is to collect 5 crore registrations.

3. Rise of Exports from India

India's commerce and external sector has a substantial impact on the rise in per capita income and GDP growth. India is the second-largest producer of rice, wheat, fruit, cotton, groundnut, sugar, and vegetables in the world and one of the top producers of milk, pulses, and jute. In addition, it is among the top producers of plantation crops, fish, poultry, and spices. Most of these are produced at modest-sized factories.

By 2028, it is expected that India's industrial exports will reach \$1 trillion. The expansion in India's export volume, which increased by 37% YoY in 2022, is one of the main factors contributing to the country's continued position as the largest economy with the fastest rate of growth in the world.

According to a study from the Ministry of Commerce & Industry, India's total exports (including both goods and services) increased by 17.72% from April to November 2022 compared to the same time last year.

4. Low dependence on Imports

MSMEs can make a significant contribution to increasing exports and lowering imports. The government plans to strongly promote Make in India in 2023 and the following years in an effort to cut down on imports of commodities and products from other nations. The Make in India plan intends to utilise the talent pool already present in India, generate more employment possibilities, and strengthen the secondary and tertiary sectors. Through the elimination of pointless laws and regulations, the project also seeks to raise India's ranking

on the Ease of Doing Business index. Additionally, it streamlines administrative procedures, improving government accountability, responsiveness, and transparency.

5. Increasing demand of Indian consumer market

Buying power, which is the capacity of an individual or household to make purchases, is a key factor in determining consumer demand. When it comes to how much money consumers will spend on things like dining out, shopping, and visiting amusement parks, it all depends on their behaviour. When prices fall, customers have more purchasing power; but, when prices rise due to inflation, they have less purchasing power. India's growth story would still be driven by consumer demand in 2023.

The MSMEs are expanding their sphere of influence across economic sectors and generating a wide range of goods and services to satisfy domestic and international market demand. This has led to the success of numerous new MSME enterprises in India. increased domestic consumption as a result.

6. CONCLUSION

MSMEs continue to be one of the most significant and rapidly expanding sectors of the Indian economy. Therefore, the government is working to establish a comprehensive and favourable ecosystem that will allow MSMEs to expand in 2023. It is clear that 2023 is going to be a great year for all business sectors. To maximize their investments and establish trends along the way, small businesses are changing the way they operate and engage with their audiences. MSMEs can successfully expand their businesses through technological developments and meeting increased consumer expectations. Emerging technologies are assisting business owners all over the world to stand out from the competitors in spite of the fierce competition, recession, and inflation. MSME business owners may embrace the evolving market and take advantage of greater prospects.

Conflict of interest statement

Authors declare that they do not have any conflict of interest.

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