

Role of MSME Sector in Providing Fillip to the Entrepreneurship in India

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Micro, small and medium enterprises play a pivotal role in the socio-economic development of the country. They are considered as engine of growth. Besides addressing the issues of unemployment and poverty, it assists prodigiously in generating additional family income. Considering the economic significance of MSME sector, Government of India formulated Micro, Small & Medium Enterprises Development Act, 2006 on June 16, 2006, which was notified on October 2, 2006. With the passage of time there has been surge in micro, small and medium enterprises in India, thereby increasing the role of entrepreneurship in MSMEs. MSME sector contributes 29 percent to the GDP and 48 percent to exports. The Government of India envisages a contribution of \$2 trillion for micro, small and medium enterprises as India aims to become a \$5 trillion economy by 2024. To provide impetus to the growth of MSME sector and to fuel entrepreneurial growth in MSME sector, the government of India has approached multilateral banks like ADB, World Bank and KfW to provide low-cost funds for the sector. It has also planned to launch 'digital data-based credit ratings' of MSMEs to assist entrepreneurs in securing bank loans on the basis of these credit ratings. In view of the significant role of MSME sector in triggering entrepreneurship and fuelling economic growth, it creates substantial academic and research interests to delve deep into the growth of MSMEs in India; schemes of Government of India for encouraging entrepreneurship; role of SME exchange; and performance of MSMEs in India.

Keywords: *Growth of MSMEs in India; Role of MSMEs in stimulating entrepreneurship; Government schemes.*

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Introduction

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. The MSME also play an important role in the development of the economy with their effective, efficient, flexible and innovative entrepreneurial spirit. The MSME sector contributes notably to the country's overall industrial production output, employment and exports. It is recognized with generating the maximum employment growth as well as accounting for a major share of industrial production and exports.

They have distinctive advantages due to their size and they required low investment. They have relatively high capital-labor ratio and they require a minimum gestation period. They try to capture and focus smaller markets; they make sure a more fair distribution of national income. They make possible an effective utilization of capital and skill resources and they motivate the growth of industrial entrepreneurship. The MSME sector in India is vast heterogeneous in terms of the size, variety of product and services and level of technology.

This sector is large contributes to the socioeconomic development of the country. The MSME sector is an important pillar of Indian economy as it contributes greatly to growth of Indian economy with a vast network of around 30 million units, creating employment of about 70 million, manufacturing more than 6000 products, contributing about 45% to manufacturing output and about 40% of exports, directly and indirectly. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda.

In the ensuing paragraphs, endeavours will be made to delve deep into various crucial points pertaining to the role of MSME sector in fostering entrepreneurship in India, i.e. growth of micro, small and medium enterprises both in terms of year and registration; growth in micro, small and medium enterprises activity-wise (manufacturing and services); impact of soaring registration of micro, small and medium enterprise on Gross Domestic Product and year wise and social category wise registration of micro, small and medium enterprises across India

Literature Review

Chakarbartty Kuntal (2016) in his research study made critical examination of the contribution of micro, small and medium enterprises (MSMEs) with reference to entrepreneurship development and employment generation in eight states of North East India. In view of introduction of new North

East Industrial and Investment Promotion Policy in 2007 with the aim of consolidating and development of MSME sector in North East, the period considered for the research study was 2006-07 to 2012-13. The key observations of the research study was that micro, small and medium enterprises sector contributed immensely in development of entrepreneurship among the youth populace of North East States in India.

Gopalakrishna Gaonkar M (2018) opined that micro, small and medium enterprises (MSMEs) sector has surfaced as a highly vivacious and dynamic sector of the Indian economy and is broadly acclaimed as engine of economic growth, especially with reference to the Make in India initiative of the Government of India. He also mentioned in his research study that MSMEs play a vital role in economic and social development, thereby providing an impetus to entrepreneurship, as they possess intrinsic features of being innovative and responsive to changing market dynamics.

Banerjee Chandrajit (2020) stated that micro, small and medium enterprises (MSMEs) have always played a pivotal role in the socio-economic development of India. Spread across both urban and rural areas, MSMEs produce a diverse spectrum of products and services and offer large scale employment at low capital cost. They not only support in industrialisation of rural and backward areas, but also assist in bringing down regional imbalances and assuring equitable distribution of national income and wealth.

Objective of the study

1. To comprehend the growth of micro, small and medium enterprises in India both year wise and registration wise, i.e. the trend of enterprises registered under micro, small and medium segments.
2. To understand as to whether activity-wise, i.e. manufacturing and services, the deviation and variation in registration is higher in case of micro, small or medium enterprises.
3. To comprehend the correlation between the numbers of enterprises registered under micro, small and medium segments and Gross Domestic Product of India.
4. To comprehend year wise and social category wise registration of micro, small and medium enterprises.

Research Methodology

1. Linear equation trend: With the assistance of this statistical tool, number of micro, small and medium enterprises that would be registered till 2030 could be ascertained. This statistical tool assist in attaining the first objective of the research study.

2. Standard Deviation and Coefficient of Variation: This statistical tool will assist in comprehending as to under which category of enterprises, i.e. micro, small or medium the deviation and variation is higher. This statistical tool is mapped with the second objective of the research study.

3. Karl Pearson's Coefficient of Correlation: Through this statistical tool, an endeavour will be made to understand the impact of rising number of micro, small and medium enterprises on a key statistics of Indian economy, i.e. Gross Domestic Product. This statistical tool assist in achieving the third objective of the research study.

4. F-test (One Factor Model): This statistical tool will assist in ascertaining whether there is a significant difference or not in year wise and social category wise registration of micro, small and medium enterprises.

Limitations of the study

1. The study is based on the secondary data.
2. Due to technical constraints all the facets or factors influencing Entrepreneurship in micro, small and medium enterprises could not be studied.

Fostering Entrepreneurship through Growth of MSME

It is to be noted that growth of any sector is gauged on various yardsticks, like the number of enterprises being registered; employment opportunities created; turnover; increase in the number of offshore business units; activity wise, i.e. number of organisations getting registered under manufacturing and service segments etc. In light of the mentioned variables of measuring growth of a sector, in this article, the parameters considered for gauging the growth of MSME sector in India are:

1. Year wise and MSME wise registration.
2. Year wise and major Activity wise registration.
3. Standard deviation and coefficient of variation in the number of enterprises being registered under manufacturing and services segments in MSME sector.
4. Impact of micro, small and medium enterprises on the Gross Domestic Product.
5. Social category wise registration of micro, small and medium enterprises.

1. Year wise and MSME wise registration

The number of registered MSMEs in FY20 has increased by 18.49 per cent to 25.13 lakh units from 21.21 lakh in FY19, according to government data. Overall the number of registered MSMEs in India in the past five years stood at 90.19 lakh. According to the MSME Ministry's FY19 annual report, the MSME sector is dominated by micro-enterprises. India has 6.33 crore MSMEs out of which 6.30 crore, i.e. 99.4 per cent are micro-enterprises while 0.52 percent, i.e. 3.31 lakh are medium and 0.007 per cent, i.e. 5,000 are medium enterprises.

The growth of MSMEs in India with reference to the year wise and MSME wise registration may be comprehended under the following key points:

1. The percentage share of Micro Enterprises registered out of the total MSMEs registered during 2015-16(from Oct., 2015), 2016-17, 2017-18, 2018-19 and 2019-20 (till Dec., 2019) are 85.15%, 90.51%, 88.60%, 88.18% and 87.61% respectively.
2. The percentage share of Micro Enterprises registered out of total MSMEs registered from 2015-16(from Oct., 2015) to 2019-20 (till Dec., 2019) is 88%.
3. The percentage share of Small Enterprises registered out of total MSMEs registered during 2015-16(from Oct., 2015), 2016-17, 2017-18, 2018-19 and 2019-20 (till Dec., 2019) are 14.31%, 9.12%, 10.95%, 11.36% and 11.92% respectively.
4. The percentage share of Medium Enterprises in the MSMEs during 2015-16 (from Oct., 2015), 2016-17, 2017-18, 2018-19 and 2019-20 (till Dec., 2019) are 0.53%, 0.36%, 0.43%, 0.44% and 0.46% respectively.

5. Maharashtra tops the list of number of Micro, Small & Medium Enterprises registrations during 2015-16(from Oct., 2015) to 2019-20 (till Dec., 2019).

Please refer exhibit 1 for year wise and MSME wise registration

Exhibit 1

Year/Category	2015-16*	2016-17	2017-18	2018-19	2019-20 [#]	Total
Micro	4,21,516	21,47,908	13,44,612	18,70,932	16,32,644	74,17,612
Small	70,866	2,16,558	1,66,259	2,41,187	2,22,226	9,17,096
Medium	2,631	8,592	6,584	9,426	8,506	35,739
Total	4,95,013	23,73,058	15,17,455	21,21,545	18,63,376	83,70,447

Note: * From October 2015 to March 2016, [#]From April 2019 to December 2019

Year

wise and MSME wise registration

Source: dcmsme.gov.in

Now it will be of substantial academic and research interests to ascertain the trend of MSMEs getting registered under the three categories, i.e. Micro, Small and Medium. In this regard, a prognosis of enterprises that may be registered under the mentioned categories till 2030 have been undertaken with the help of the statistical tool called linear equation trend.

Linear equation trend is: $y = bx + a$

Where:

- b is the slope of a trendline.
- a is the y-intercept, which is the expected mean value of y when all x variables are equal to 0. On a chart, it's the point where the trendline crosses the y axis.

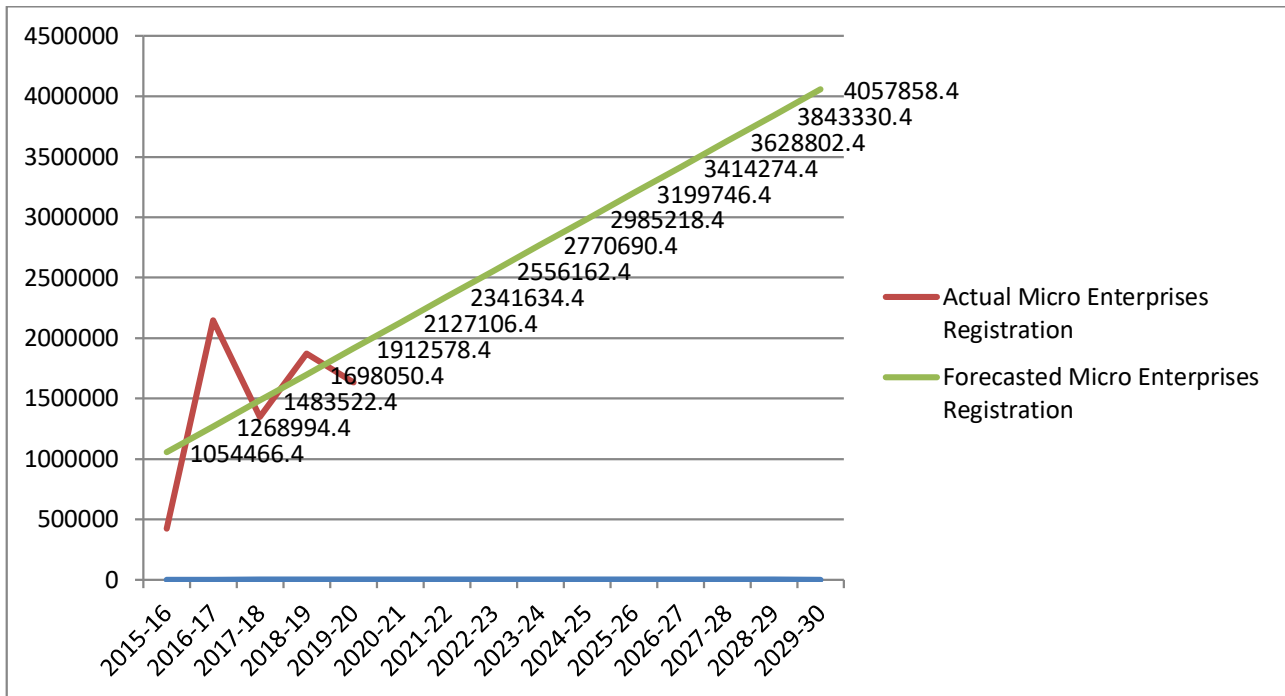
i) Forecasted value of Registration of Enterprises under Micro Segment of MSME Sector

Years	T	Actual Micro Enterprises Registration	Forecasted Micro Enterprises Registration
2015-16	1	421516	1054466.4
2016-17	2	2147908	1268994.4
2017-18	3	1344612	1483522.4
2018-19	4	1870932	1698050.4
2019-20	5	1632644	1912578.4
2020-21	6		2127106.4
2021-22	7		2341634.4
2022-23	8		2556162.4
2023-24	9		2770690.4
2024-25	10		2985218.4
2025-26	11		3199746.4
2026-27	12		3414274.4
2027-28	13		3628802.4
2028-29	14		3843330.4
2029-30	15		4057858.4

The forecasted trend of registration of Micro Enterprises under MSME sector till 2030 is presented in the exhibit 2

Exhibit 2

Forecasted Registration OF Micro Enterprises



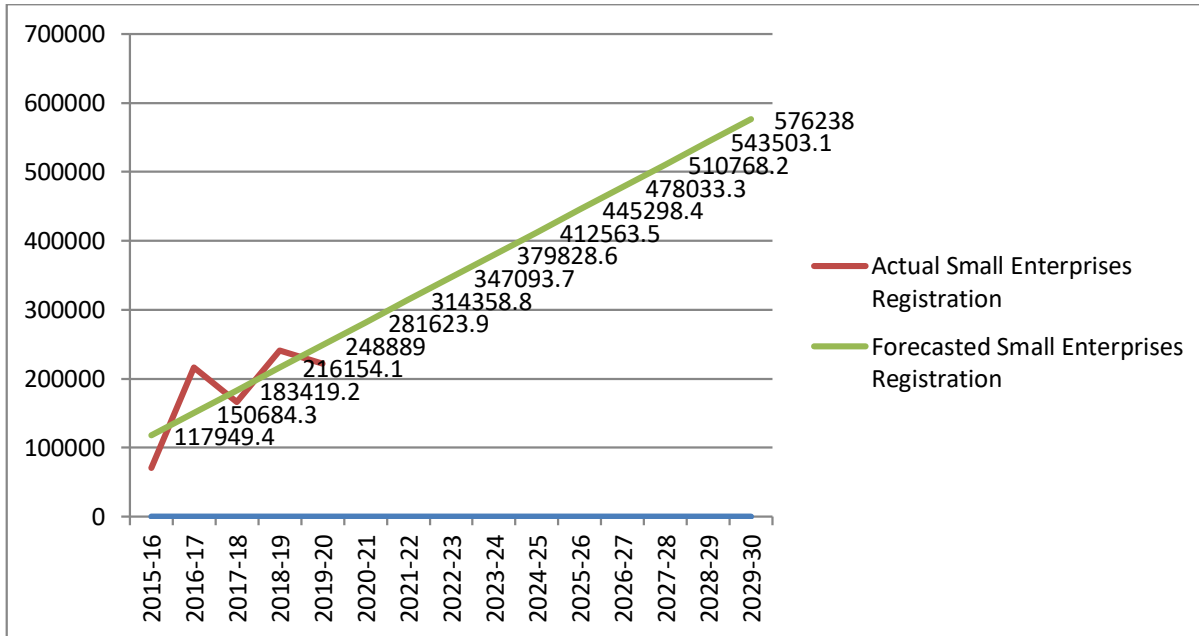
ii) Forecasted value of Registration of Enterprises under Small Segment of MSME Sector

Years	Actual Small Enterprises Registration	Forecasted Small Enterprises Registration
2015-16	70866	117949.4
2016-17	216558	150684.3
2017-18	166259	183419.2
2018-19	241187	216154.1
2019-20	222226	248889
2020-21		281623.9
2021-22		314358.8
2022-23		347093.7
2023-24		379828.6
2024-25		412563.5
2025-26		445298.4
2026-27		478033.3
2027-28		510768.2
2028-29		543503.1
2029-30		576238

The forecasted trend of registration of Small Enterprises under MSME sector till 2030 is presented in the exhibit 3

Exhibit 3

Forecasted Registration of Small Enterprises



iii) Forecasted value of Registration of Enterprises under Medium Segment of MSME Sector

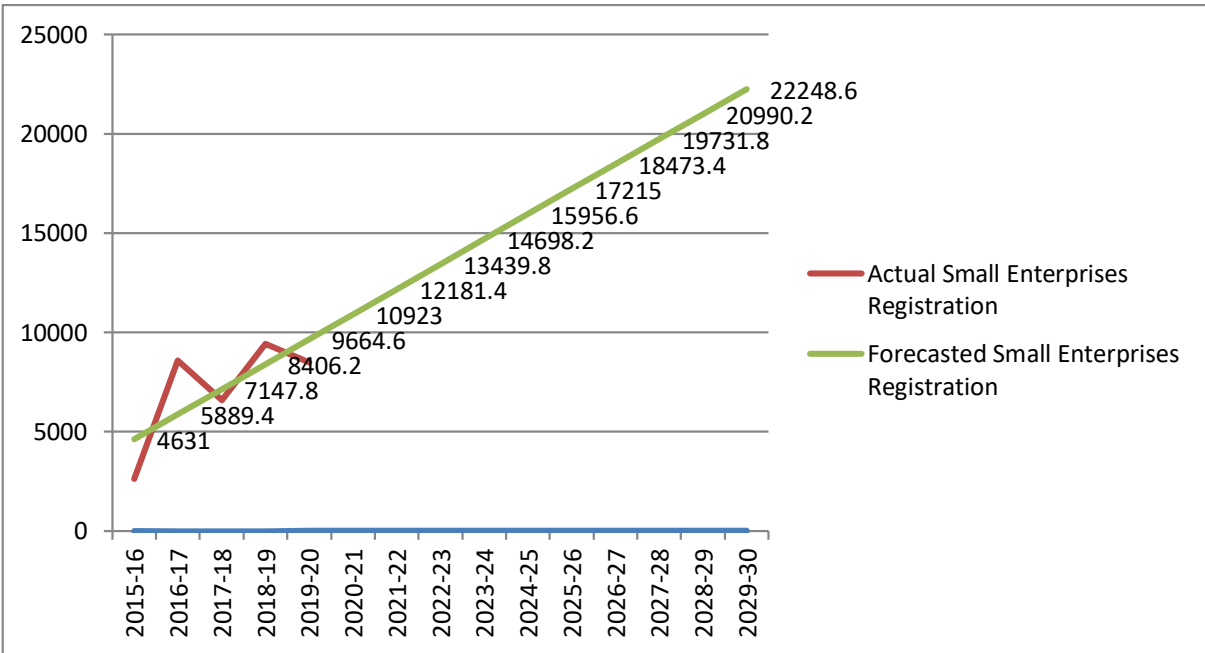
Years	Actual Small Enterprises Registration	Forecasted Small Enterprises Registration
2015-16	2631	4631
2016-17	8592	5889.4
2017-18	6584	7147.8
2018-19	9426	8406.2
2019-20	8506	9664.6
2020-21		10923
2021-22		12181.4
2022-23		13439.8
2023-24		14698.2
2024-25		15956.6

2025-26		17215
2026-27		18473.4
2027-28		19731.8
2028-29		20990.2
2029-30		22248.6

The forecasted trend of registration of Medium Enterprises under MSME sector till 2030 is presented in the exhibit 4

Exhibit 4

Forecasted Registration of Small Enterprises



Thus, it is heartening to note from the linear trend that all the three segments of MSME, i.e. micro, small and medium enterprises are going to grow exponentially in the years to come, thereby creating mammoth employment opportunities and contribute substantially to the Gross Domestic Product.

If the above mentioned linear equation trends for micro, small and medium enterprises becomes reality, then it would be good news for large scale industries too, as numerous micro, small and medium enterprises manufacture ancillary products for the finished goods provided by the large scale industries. Next, with the growth in number of MSMEs, there is high probability of meteoric

rise in exports from India and reduction of dependence on imports, thereby improving the balance of trade scenario.

Moreover, in a recent development wherein, the limits for investment in plant and machinery has been revised and concept of turnover has been ensconced will definitely act as a boon for the MSME sector in view of the rising trends.

2. Year wise and Major Activity wise registration.

The growth of MSMEs in India with reference to the year wise and Activity wise registration of MSMEs may be comprehended under the following key points:

1. During 2015-16 (Oct., 2015) to 2019-20 (till Dec., 2019) 41% MSMEs engaged in Manufacturing activities while 59% MSMEs engaged in the Service activities.
2. During 2015-16 (Oct., 2015) to 2019-20 (till Dec., 2019) 40.61% and 59.38% Micro Enterprises are engaged in the Manufacturing and Service activities respectively.
3. During 2015-16 (Oct., 2015) to 2019-20 (till Dec., 2019) 45.43% and 54.56% Small Enterprises are engaged in the Manufacturing and Service activities respectively.
4. During 2015-16 (Oct., 2015) to 2019-20 (till Dec ., 2019) 56.77% and 42.22% Medium Enterprises are engaged in the Manufacturing and Service activities respectively.

Please refer exhibit 5 for year wise and major activity wise registration.

Exhibit 5

Year wise and Major Activity Wise Registration

Year/Category	Manufacturing	Services	Total
	Micro		
2015-16*	2,08,376	2,13,140	4,21,516
2016-17	8,86,493	12,61,415	21,47,908
2017-18	6,04,459	7,40,153	13,44,612
2018-19	7,24,337	11,46,595	18,70,932
2019-20#	5,88,978	10,43,666	16,32,644
Total	27,81,796	39,81,625	67,63,421
Year/Category	Small		
2015-16*	44,811	26,055	70,866
2016-17	1,22,040	94,518	2,16,558
2017-18	80,650	85,609	1,66,259
2018-19	94,879	1,46,308	2,41,187
2019-20#	74,289	1,47,937	2,22,226
Total	3,91,696	4,42,998	8,34,694
Year/Category	Medium		
2015-16*	1,861	770	2,631
2016-17	5,639	2,953	8,592
2017-18	3,978	2,606	6,584
2018-19	5,015	4,411	9,426
2019-20#	3,799	4,707	8,506
Total	19,084	13,820	32,904
Year/Category	Total		
2015-16*	2,55,048	2,39,965	4,95,013
2016-17	10,14,172	13,58,886	23,73,058
2017-18	6,89,087	8,28,368	15,17,455
2018-19	8,24,231	12,97,314	21,21,545
2019-20#	6,67,066	11,96,310	18,63,376
Total	34,49,604	49,20,843	83,70,447

* From October 2015 to March 2016, #From April 2019 to December 2019

Source: dcmsme.gov.in

At this juncture, it would be interesting to observe whether the deviation as well as variation in registration of enterprises under MSME sector is higher in case of Micro, Small or Medium. In order to observe the deviation and variation in registration of MSMEs, the univariate statistical tool of Standard Deviation and Coefficient of Variation have been applied.

i) Standard Deviation and Coefficient Variation in Registration of Enterprises under Micro Segment of MSME Sector

Years	Manufacturing	Services
MICRO		
2015-16	2,08,376	2,13,140
2016-17	8,86,493	12,61,415
2017-18	6,04,459	7,40,153
2018-19	7,24,337	11,46,595
2019-20	5,88,978	39,81,625

Mean (\bar{X})

602528.6

1468585.6

Coefficient of Variation (σ)

of 250507.8263

1463619.002

SMALL

2015-16

44,811

26,055

2016-17

1,22,040

94,518

2017-18

80,650

85,609

2018-19

94,879

1,46,308

2019-20

74,289

1,47,937

Mean (\bar{X})

83,334

100,085

Coefficient of Variation (σ)

of 28304.05833

50367.0691

MEDIUM

2015-16	1,861	770
2016-17	5,639	2,953
2017-18	3,978	2,606
2018-19	5,015	4,411
2019-20	3,799	4,707

Mean (\bar{X})	4,058	3089.4
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Coefficient of Variation (σ)	of 1441.847703	1580.75561
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From the above analysis it may be observed that deviation in the registration of enterprises under manufacturing and services segments of Micro category is comparatively higher than the Small enterprises segment. Similarly, the coefficient of variation is also higher for the enterprises (manufacturing and services) registered under Micro category, signifying high variability in the data series, i.e. variability in the number of enterprises registered under both manufacturing and services segments are higher.

It is to be noted that as per the above analysis no doubt both standard deviation and coefficient of variation values are the lowest for the enterprises registered under Medium segment, but since the number of enterprises as a whole registered under manufacturing and services segments under the Medium segment is far less than the Micro and Small, so inferring that it has the lowest standard deviation and coefficient of variation may not provide an appropriate picture.

It would be interesting to note the correlation between two significant variables, i.e. Registration of MSMEs and a vital statistics, i.e. Gross Domestic Product to comprehend as to whether with the rise in registration of enterprises in the MSME sector does it has exerted a robust impact on the national income of India or not. Another critical observation would be that how rising entrepreneurship in the MSME sector, as higher registration of MSMEs is an indication of entrepreneurship mushrooming in the MSME sector on the national income.

Karl Pearson's Coefficient of Correlation has been used to study the above mentioned fact and the period considered for the study is from 2015-16 to 2019-20. Registration of MSMEs and National Income during the mentioned period has been considered as the independent variable and dependent variable respectively.

Year	Registration of MSME under Micro, Small and Medium segment (X)	Gross Domestic Product (INR Crore) (Y)
2015-16	4,95,013	13771874
2016-17	23,73,058	15362386
2017-18	15,17,455	17095005
2018-19	21,21,545	13981426*
2019-20	18,63,376	14565951**

** 1st Revised Estimates*

*** Provisional Estimates*

Note: Gross Domestic Product data has been accessed from the Ministry of Statistics and Programme Implementation

Thus, by applying Karl Pearson's Coefficient of Correlation through MS-Excel the value of

$$r = \frac{\sum dx dy}{\sqrt{\sum dx^2 \sum dy^2}}$$

$$= 0.212168552$$

$$\text{Coefficient of determination } (r^2) = 0.424337105$$

$$\text{Coefficient of non-determination } (k^2) = 1 - r^2 = 1 - \text{Explained Variance} / \text{Total Variance}$$

$$= 1 - 0.424337105 = 0.575662895$$

Thus, it may be inferred from the above analysis that there is extremely weak correlation between registration of MSMEs and gross domestic product. Further, from the coefficient of determination also, it may be opined that the variation in the dependent variable, i.e. gross domestic product is largely explained by other factors than the independent variable considered for the analysis, i.e. registration of MSMEs.

At this juncture, it would be of substantial academic and research interests to find out whether there is a significant difference or not in the entrepreneurship social category wise in the MSME sector. In order to analyse the mentioned point, F-test (One Factor Model) has been used.

F-test (One Factor Model)

Null Hypothesis (H0): There is no significant difference in the entrepreneurship social category wise in the MSME sector on the basis of the MSME registered under SC, ST, OBC and General category.

Alternative Hypothesis (H1): There is a significant difference in the entrepreneurship social category wise in the MSME sector on the basis of the MSME registered under SC, ST, OBC and General category.

Applying F-test (One Factor Model) through MS-Excel we get the following:

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
97498	4	751694	187923.5	7771621454		
15684	4	250709	62677.25	416852448.3		
168072	4	2364466	591116.5	49100550610		
262508	4	4526927	1131731.75	37276016504		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	2783415644599.5	3	927805214867	39.24516734	1.76215	3.49029 5
Within Groups	283695123045.5	12	23641260254			
Total	3067110767645	15				

Decision: *Since P-value, i.e. 1.76215 is more than significance level, i.e. 0.05, so null hypothesis is accepted and it may be inferred that there is no significant difference in the entrepreneurship social category wise in the MSME sector on the basis of the MSME registered under SC, ST, OBC and General category.*

Revised Classification of Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has revised classification of Micro, Small and Medium Enterprises with effect from 1st July, 2020. The revised criteria with reference to the investment in plant and machinery / equipment and annual turnover for MSMEs are as under:

1. Investment in Plant and Machinery or Equipment (Micro enterprise): Not more than Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore.

2. Investment in Plant and Machinery or Equipment (Small enterprise): Not more than Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore.

3. Investment in Plant and Machinery or Equipment (Medium enterprise): Not more than fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

The aforesaid announcement was made under Atma-nirbhar Bharat Abhiyaan Economic Package to assuage India’s economic predicament amidst the pandemic. According to the Ministry of MSME the new definition will pave way for strengthening and growth of the MSMEs. Particularly, the provision of excluding the exports from counting of turnover will encourage the MSMEs to export more and more without fearing to loose the benefits of a MSME unit. This is expected to exponentially add to exports from the country leading to more growth and economic activity and creation of jobs. The previous and revised definition of MSMEs is provided in the exhibit 6.

Exhibit 6

Existing and Revised Definition of MSMEs



Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment <Rs. 25 lac	Investment <Rs. 5 cr.	Investment <Rs. 10 cr.
Services Enterprise	Investment <Rs. 10 lac	Investment < Rs. 2 cr.	Investment <Rs. 5 cr.
Revised MSME Classification			
Composite Criteria : Investment And Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment < Rs. 1 cr. and Turnover < Rs.5 cr.	Investment < Rs. 10 cr. and Turnover < Rs.50 cr.	Investment < Rs. 20 cr. and Turnover < Rs.100 cr.

Source: The Economic Times

By enhancing the investment limits and including of turnover in the new definition of micro, small and medium enterprises, foray of more business organisations in the following areas may be observed in near future:

1. Telecommunications

- ✚ Domestic manufacturing of low-cost mobile phones, handsets, and devices;
- ✚ Manufacturing of telecom networking equipment, including routers and switches;
- ✚ Manufacture of base transceiver station equipment;
- ✚ Mobile customer data analytics – services oriented toward analytical solutions; and
- ✚ Development of value-added services.

2. *Healthcare*

- ❖ Manufacturing of personal protective equipment (PPE) and face masks, as the COVID-19 pandemic has fundamentally changed social behavior, public health and hospital needs, and created new demand;
- ❖ Manufacturing of low-cost medical devices, and medical accessories such as surgical gloves, scrubs, and syringes;
- ❖ Low-cost surgical procedures to reduce the cost of healthcare;
- ❖ Telemedicine; and
- ❖ Diagnostic labs.

3. *Electronics*

- Domestic manufacturing of low-cost consumer electronics, consumer durables;
- Nano-electronics and microelectronics;
- Electronic Systems Design and Manufacturing including semiconductor design, electronic components design and hi-tech manufacturing under India's 'National Electronics Mission; and
- Strategic electronics, as the government is keen on encouraging the domestic manufacturing of products needed by the security forces.

Other areas that may offer more opportunities for MSMEs due to the above mentioned revision in the criteria of investments in plant and machinery and turnover include information technology, pharmaceutical, chemical, automotive, renewable, gems and jewellery, textile, and food and agriculture.

Conclusion

MSME sector has been the backbone of the Indian economy. Apart from various schemes offered by the Government of India to strengthen the sector, the following key initiatives under unique and innovative 'Atmanirbhar Bharat' approach, i.e. Rs3 Lakh Crores Collateral-free Automatic loans for businesses, including MSMEs due to the menace of COVID 19, to provide additional funding in

order to meet built up operational liabilities, procure raw materials and restarting of business; Allocation of Rs.20,000 Crores Subordinate Debt for stressed MSMEs. Under this arrangement, equity assistance would be provided to the stressed MSMEs; Government of India will facilitate provision of Rs.20,000 Crore as subordinate debt; MSMEs which are functioning and currently having non-performing assets (NPAs) or stressed will be eligible to seek assistance under this arrangement; Government of India will provide a support of Rs.4000 Crore to CGTMSE; CGTMSE to provide partial Credit Guarantee support to banks; Promoters of the MSMEs will be provided debt by banks, which will then be infused by promoter as equity in the business unit. It is heartening to note that this initiative will benefit approximately two lakhs MSMEs across the country.

Another significant measure under 'Atmanirbhar Bharat' is Rs.50,000 Crore equity infusion for MSMEs through Fund of Funds in view of the fact that MSMEs witness acute paucity of equity. In this initiative, a Fund of Funds with corpus of Rs.10,000 Crores will be established to provide equity funding to MSMEs with growth potential and feasibility. In order to make this approach viable, Fund of Funds will be operated through a Mother Fund and few Daughter Funds. This initiative will assist the MSMEs substantially in expanding their business as well as capacity and foster MSMEs to get listed on main board of Stock Exchanges.

Further, as discussed above that MSME sector is poised for huge growth in view of the forecasted trends of micro, small and medium enterprises in terms of both numbers and activity-wise coupled with the prevailing schemes and initiatives announced under Atmanirbhar Bharat will pave the way for a gigantic growth of MSME sector in India.

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