
Medium, Small and Micro Enterprises: The Indian Perspective

B. Raja Mannar¹, Catholic University of New Spain

Abstract: *MSMEs have a crucial role in Indian manufacturing sector and have become engine of economic growth in India. Today, small and medium industry occupies a position of strategic importance in the Indian economic structure due to its significant contribution in terms of output, exports and employment. The small scale industry accounts for 40% of gross industrial value addition and 50% of total manufacturing exports. The present paper is a modest attempt to understand concept of SMEs, their formation and significance in overall growth in India.*

Key words: *MSMEs, industrial sector, India,*

1. Introduction

The Indian SME sector contributes 45% of industrial output and 40% of country's total exports. It hence plays an integral part in the growth of the economy by showcasing Indian entrepreneurship to the world. In other words, SMEs are the engine of economic growth for India. There are about 30 million MSMEs in India who employ more than 60 million people by creating massive amount of jobs year upon year.

The biggest challenge across this sector is access to proper finance. Small and Medium Enterprises, face severe constraints with their finances and often seek alternate help leading to higher interest costs and transaction cost. As a result MSMEs are stuck in a vicious circle and becomes globally uncompetitive compared to its counterparts in other countries. (1)

Adequate and modern developed infrastructure helps in the growth of the MSME sector. However it is hampered as large part of this sector in India, is based out of Tier 2 and smaller cities that lack basic infrastructure facilities such as proper roads, power and water supply. Technology, being the backbone of modern business helps in innovation and cost reduction. With adapting and enforcing new technologies, SMEs faces a roadblock in the path of catching up with their global counterparts. Most of the SMEs in rural areas undertake manufacturing using old methods and rudimentary technology even today.

¹ Associate Research Fellow, Catholic University of New Spain (Miami, Florida) www.ucne.org

Some of the other challenges encountered by SMEs are non-availability of skilled labour at an affordable cost, identification of new markets and the marketing strategy to sell their products. With these barriers, this sector stretches in diverse directions with limited bandwidth to achieve the desired growth.

Objectives of the Study

The objectives of this study are to briefly highlight on the functional scenario of micro, small and medium enterprises in India, to focus on the huge growth potential and opportunities available for development of this sector; to identify some important issues, challenges and constraints confronted by these enterprises and to offer suggestions to overcome the same.

Methodology

The study involves a critical analysis of functioning of some micro, small and medium scale enterprises in the country both in manufacturing and service sector and intends to identify the potentialities for growth, opportunities, major issues and challenges experienced by these enterprises. The data are collected mostly from secondary sources by way of access to various Government policies/programs including published Annual Reports, Journals, Books and available official websites.

2. Literature Review

Christopher J. Green, Colin H. Kirkpatrick, and Victor Murinde, in their paper have examined the ways in which financial sector development policy might contribute to poverty reduction, particularly by supporting the growth of micro and small enterprises (MSEs). This paper highlights on the changing role of MSEs in the development process and the access of MSEs to informal and formal finance, including the role of microfinance.

Nanda, Ramana & William R. Kerr have expressed the view that financing constraints are one of the biggest concerns impacting potential entrepreneurs around the world.

De, Sankar in his article has viewed that SME's in India face many challenges, but perhaps none are as difficult as the challenge of financing, both short term and long term.

K,Vasanth Majumdar M., K. Krishna in their paper have stated that since several successful models of the sustainable SME are gradually evolving, networks of SMEs would become essential for addressing the systemic problems

under lying the industrial ecology, enterprise resilience, and global supply chain sustainability.

Export-Import Bank of India, has critically analysed the present situation of MSMEs and support systems available in India as well as in the global context. It has suggested that MSMEs in India should have access to alternative sources of capital like angel funds/risk capital etc. and that existing laws should effectively address issues like insolvencies/bankruptcies; need to redefine the ceiling limits to encourage MSMEs to move up the value chain and need for cluster development approach to increase the level of competitiveness.

Srinivas K T, has studied the performance of micro, small and medium enterprises, and their contribution in India's economic growth and concluded that MSMEs play a significant role in inclusive growth of Indian economy.

The main purpose of the study of Satish Kumar is to provide a comprehensive view on the financing state of small and medium enterprises (SMEs) in India. Using the information from the financial statements of 1524 SMEs, provided by the database of Centre for Monitoring the Indian Economy, PROWESS, it analyses the financial ratios of SMEs and the components of debt during the period of 2006–2013. The study describes the financing pattern of SMEs by examining differences across the firm characteristics, namely size, age, ownership, sector, and region. The major findings revealed the dependence of SMEs on short-term debt, and the most frequently used sources of finance are trade credit and bank loans. Hierarchical regression analysis revealed that the major determinants of the capital structure of SMEs are age, profitability, tangibility, and liquidity. Overall, this study concludes that the financing condition of SMEs in India needs to be improved and, therefore, suggests exploring new financing avenues specifically designed to solve the problems of SME financing.

Small and Medium Enterprises (SMEs) play a vital role in the country's economic development. The current trend of economic growth and the rapid industrial development has made Malaysia as one of the most open economies in the world. In conjunction with the Ninth Malaysian Plan (2006-2010), the government is devoting and designing the SME development plan to assist the SMEs to meet the new business challenges in the competitive global business environment. The focus of the paper of Mohd Zulkifli Muhammad et al. is the discussion of the competitiveness facing SMEs in the global business environment by examining the opportunities and supports from the government. Furthermore, this study also analyses the challenges of Malaysian SMEs in globalize market together with economics turmoil.

B. Raja Mannar

SMEs have a crucial role in Indian manufacturing sector and have become engine of economic growth in India. Today, small and medium industry occupies a position of strategic importance in the Indian economic structure due to its significant contribution in terms of output, exports and employment. The small scale industry accounts for 40% of gross industrial value addition and 50% of total manufacturing exports. It is estimated that SMEs account for almost 90% of industrial units in India and 40% of value addition in the manufacturing sector. The present paper of Manjit Kour is a modest attempt to understand concept of SMEs, their formation and significance in overall growth in India.

The Small and Medium enterprises play a vital role in the Indian economic structure due to its significant contribution in terms of output, exports and employment. For a developing nation like India, where the labour is abundant and capital is scarce, the small sector is a major source of employment for millions of people. Keeping in view the importance of SMEs, the Indian government has included this sector in its five-year plans. The SMEs are still hampered by the problems of finance, marketing and low quality. Taking into account the enormous potential of the small sector, Sudha Venkatesh , Krishnaveni Muthiah are of the opinion that the entrepreneurs and the policy-makers must act collectively to facilitate growth in this sector.

N. Aruna say that MSME are facing problems relating to timely banking finance facilities, availability of suitable technology, marketing problems, availability of limited resources, lack of skilled man power etc. Her study identified that financial constraints and also issues relating to power and non availability of skilled man power, raw material etc.

Gisha.P. Mathai say that problems faced by SME's are SME's in India are facing problems relating to lack of credit facilities from banks, infrastructure problems, unavailability of raw materials, lack of technology, lack of training, lack of skills both managerial and technical, lack of laws pertaining to labour, competition from large companies etc. They had given some suggestions in their article relating to challenges are implementing training and development awareness programs, research and development facilities, meeting consultants etc.

Neeru Garg says that there are many opportunities and problems faces by MSME's in India. He found that many opportunities from external environment are finance and subsidies provided by government, by globalization, credit & finance, competitive technology, skill development, national manufacturing competitive programs, export promotion and infrastructure development etc. There are many programs by government like cluster development, credit schemes, entrepreneurship development programs, etc. He highlights some major

challenges faced by MSME's are due to lack of finance, IT literacy, management skills, financial and human resources, infrastructure, lack of knowledge on foreign markets and market information etc.

Sangita G.Patil & P.T.Chaudhari says that growth of MSME's was increased from year by year with an average number of registered units in MSME sector. They identified small scale sector problems as relating to man power, lack of credit assistance, organized marketing, inadequate infrastructure, competition, poor planning, managerial skills, transportation facilities, lack of power, lack of ware housing facilities, lack of information etc. Andy Neely (1995) et.al says that performance measurement can be defined as a metric, process and set of metrics based on their efficiency and effectiveness of actions. For any organization performance indicators are crucial for knowing the status of organization and for developing a strategy towards increasing their performance in coming future. This study identifies four metrics for calculating performance of an organization as quality, time, flexibility and cost.

The study of Nalabala Kalyan,Kumar. Sardar, Gugloth. focuses upon the growth pattern of the MSME'S, employment generation (1992-2009). Further, study reveals the symptoms and steps involved in industrial sickness. The study gives the ample amount of knowledge about the various credit schemes sponsored by the government. Laghu udyami credit card scheme ,Credit guarantee fund trust for small industries, Swarojgar credit card scheme, Credit linked capital subsidy scheme and credit through commercial banks are the sources and schemes available to fulfill the financial needs as well as financially strengthen to the MSME'S.

Major Objectives of SME (Small and Medium Enterprise)

Keeping in view the Industrial policies and socio-economic policy of the Government, the major objectives of SMEs are:

1. Reducing unemployment through generation of new employment opportunities, specially for the rural people;
2. Increasing the income of poor people by self employment through indigenous resources and technology;
3. Generate employment through entrepreneurship development;
4. Discourage influx of the rural people to the urban areas through rural industrialization;
5. Encourage geographical dispersal of industries and ensure balanced regional development;
6. Promote sub-contracting linkages among the various types of large, medium & small enterprises;

7. Encourage production of export-oriented and import substitute products through promotion of small agro-based industries and
8. Increase the contribution of SMEs sector to GDP.

Role of MSMEs in the Indian Economy

SMEs employ around 40% of India's workforce, which is an estimated 80 million people, who are given an opportunity for livelihood and employment via low-skilled jobs. Around 1.3 million SMEs contribute 45% to India's manufacturing output and 40% of India's total export. In a way, they form the backbone of the Indian economy. At 48 million, India has the second largest number of SMEs in the world, edging close to China which has around 50 million SMEs.

There are around 6000 products manufactured by 31.7% SMEs while the remaining 68.2% are engaged in delivering various services. This sector, if extended the right support, has the potential to spread industrial growth throughout the country.

Despite employing 40% of India's workforce, SMEs are also the bane of India's economic problems. Though the volume numbers work in their favor, they currently contribute to about 17% of India's GDP.

Challenges Faced by Indian SMEs

Many SMEs are reluctant to grow, resulting in reduced productivity. Others cling firmly to the concept of staying small and comfortable – thereby avoiding regulatory and taxation related hurdles.

Those who choose to grow, have a different set of problems to deal with – starting with financing. In an earlier survey conducted with over 15000 listed and unlisted companies from diverse sectors such as textile, power, agriculture and IT&ITES, a common trend showed that SMEs' exposure to bank credit was drastically falling due to the high interest rates.

Another reason to shun bank credit, originates due to repayment timelines. While most big companies who buy from SMEs get an interest-free repayment timeline of 120 days, SMEs get only 60 days to pay back their interest-loaded bank loans. Because of this, most SMEs have now chosen to reduce their exposure to bank credit.

In addition, individual sectors face their own challenges. Real estate, for example, saw a slowdown in the past few years after a decade of growth.

Similarly, exports have also seen a quarter-on-quarter reduction as demand has been slowing in European countries, and disturbances in West Asian countries have caused the tables to turn unfavorably for SMEs.

Because these companies are not market leaders in their segments, they are unable to hold a bargaining power in the price battle. They struggle to maintain quality while coping with reducing profit margins. Supply chain inefficiencies, global and local competition and insufficient skilled manpower can choke out SMEs that aren't ready to take the bull by the horns and create their own path for growth.

Key Challenges Faced By the MSME Sector can be summarized as :

- Lack of availability of adequate and timely credit
- High cost of credit
- Collateral requirements
- Limited access to equity capital
- Procurement of raw material at a competitive cost
- Problems of storage, designing, packaging and product display
- Lack of access to global markets
- Inadequate infrastructure facilities, including power, water, roads, etc.
- Low technology levels and lack of access to modern technology
- Lack of skilled manpower for manufacturing, services, marketing,
- Multiplicity of labour laws and complicated procedures associated with compliance of such laws.

Government's Role in Promoting SMEs

A few of the recent initiatives by Government of India have given a boost to SMEs. In a direct move to increase the GDP share of SMEs, the Government has allocated 20,000 Cr to this sector through the Micro Units Development Refinance Agency Bank (MUDRA).

Similarly, in a move to promote 'Zero-Defect' manufacturing that has 'Zero-Effect' on the environment, the Government has set up the performance and credit rating system for SMEs called the ZED rating. SMEs will be classified into bronze, silver, gold, diamond and platinum categories. The idea is to help SMEs grow bigger, gain economies of scale and improve the quality of their products. Here are some of the other popular schemes for SMEs in India.

Credit Guarantee Fund Scheme: Applicable to both existing and new enterprises, this scheme provides collateral-free credit to Indian MSMEs. The ministry in association with SIDBI established the trust that facilitates a working capital loan of up to Rs. 100 Lakh per borrowing unit

- **Credit Linked Capital Subsidy Scheme for Technology Upgradation (CLCSS):** The Ministry of Small Scale Industries (MSSI) created the CLCSS which provides upfront capital subsidy of 15% (max 15 Lakh) to SSI units which can be used for plant & machinery modernization.
- **Financial Assistance on International Participation:** This scheme offers funding to SMEs for participate at international trade fairs, exhibitions and also promotes sector specific market studies by industry associations. It also offers reimbursement of 75% on one-time registration fee and 75% on annual fees (recurring) paid to GSI by SMEs for the first three years for barcode. It also facilitates tech upgradation, creation of joint ventures and foreign collaborations.
- **Technology & Quality Upgradation Support to SMEs:** This scheme helps SMEs gain benefit from energy efficient technologies and manufacturing processes to reduce their carbon footprint. It provides them with 75% expenditure to buy such technologies.
- **Mini Tools Room & Training Center Scheme:** The govt. provides grant / aid that equals to the cost of the machinery/ equipment (max 9 Cr.) to create a new mini tool room and 75% of the cost if an existing room has to be upgraded. The scheme aims to create a skilled workforce which would also benefit the region in the long run.

Contribution of MSMEs

The medium, small, and micro enterprises play a vital role in ensuring the goals such as balancing regional development, and equality of income, economic With the scanty investment in comparison to the large-scale public and private enterprises, the MSMEs turn out to be more efficient thus providing enlargement employment opportunities at the low cost Basically, the employment intensity of medium, small and micro enterprises is estimated to be four times greater when compared with other large enterprises. At present, somewhere around 36 million INR SMEs generate 80 million employment opportunities, which thereby contributes 8% of the GDP, and 45% of total manufacturing output, lastly 40% of the exports from the country. Basically, India is creating around 8000 value-added products.

One of the important contributions of SMEs in India is balancing the economic development. However, the effects of the large enterprise are limited as

compared to the small industries wherein 'fruits of percolation' of economic growth are highly visible. When the large enterprise is busy creating the island of growth and prosperity in the aspect of poverty% on the other hand, a small enterprise is successful in providing the social goals through equitable growth. This also helped in the industrialization of backward and rural areas by assuring equal distribution and reducing imbalances. Urban area around 857,000 enterprises accounted for almost 547% of the total working enterprises in 'Registered MSME' sector whereas in rural areas somewhere around 707,000 enterprises are located Another criterion is - small industries help the large industries by supplying them with ancillary products.

Importance of MSME Sector in India

- | | |
|---|---|
| 1. Creates large scale employment | 4. Cheap Labor and minimum overhead |
| 2. Economic stability in terms of Growth and leverage Exports | 5. Plays an important role in making "Make in India" possible |
| 3. Encourages Inclusive Growth | 6. Simple Management Structure for Enterprises |

Certain challenges faced by SMEs

The majority of SMEs are resistant to grow, thus, resulting in the reduced productivity. Others grasp firmly to the basic concept of staying small and comfortable and tend to avoid any regulatory' and taxation related problems.

Those who are under the concept of growth have a different set of problems which they need to deal with, especially with 'financing'. A survey was conducted with over 15,000 listed and unlisted companies from different sectors such as power, agriculture, textile and ITT the common solution to everything showed that small and medium enterprises exposed to bank credit were immensely falling due to the high-interest rate.

Whilst the majority of big companies that buy from SMEs get the benefit of an interest-free repayment timeline for almost 120 days, whereas SMEs get only 60 days prior to pay back their interest-loaded loans. Because of this, the majority of SMEs have now chosen to do a reduction in their exposure to bank credit.

In addition to all this. individual sectors have the tendency to face their own challenges. For example real estate has seen many downfalls in past few years. likewise, due to the disturbance in West Asian countries and fewer demands in

European countries exports industries have seen the reduction in their business too which have turn unfavorably for small and medium enterprises.

These companies are not the market leader that's why they fail to follow the concept of bargaining power in the pricing manner. Although, they try hard to maintain the high quality whilst dealing with the low profit

Financing opportunities for MSMEs

The best way to ensure the survival of SMEs is through different financial options; it can be through the following:

Different measures are taken for the growth of MSMEs Starting a business today is a bit simpler as compared to the last decade. There are numerous accelerators, investors, incubators, and mentors available to handhold a business just to ensure they see the future of every business. The ever-growing mobile/internet penetration has opened up both the rural and international markets. However, this time is perfectly right for everyone as a part of the nation to sow the seeds. Water them, and build the support system; doing this will allow SMEs to achieve everything with full potential. So, all we need to do is make a decision in a vulnerable manner, and not an immediate decision.

Different measures are taken for the growth of MSMEs

The government has set up a Venture with SIDBI named as 'Indian Opportunities venture' to provide 50 bn INR to the MSMEs.

- To improve the capacity, productivity, and competitiveness of MSMEs, the government of India has adopted a 'cluster-based approach'.
- Credit disbursed to small and micro enterprises is now considered as a part of priority sector by banks.
- Somewhere around, 20 items have been clearly reserved for an exclusive manufacturing by MSMEs. However, large-scale enterprises fail to produce these.

In order to build the capacity - central government had initiated a program 'National manufacturing Competitiveness Programme' (NMCP) that will help in facing competition from MNCs.

Role of MSMEs in Indian Economy

The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavors through business innovations. The MSMEs are widening their domain across sectors of the

economy, producing diverse range of products and services to meet demands of domestic as well as global markets. As per the data available with Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation, the contribution of MSME Sector in country's Gross Value Added (GVA) and Gross Domestic Product (GDP), at current prices for the last five years is as below:

Table 1.: Contribution of MSMEs in Country's Economy at Current Price

Year	MSME GVA	Growth %	Total GVA	Share of MSME in GVA(%)	Total GDP	Share of MSME in GDP (%)
2011-12	2583263	-	8106946	31.86	8736329	29.57
2012-13	2977623	15.27	9202692	32.36	9944013	29.94
2013-14	3343009	12.27	10363153	32.26	11233522	29.76
2014-15	3658196	7.62	11481794	31.86	12445128	29.39
2015-16	3936788	9.43	12458642	31.60	13682035	28.77

(Figures in ₹. Crores adjusted for FISIM at current prices)

The contribution of Manufacturing MSMEs in the country's total Manufacturing GVO (Gross Value of Output) at current prices has also remained consistent at about 33%, i.e. one third during the last five years.

Estimated Number of MSMEs in the Country

As per the National Sample Survey (NSS) 73rd round, conducted by National Sample Survey Office, Ministry of Statistics & Programme Implementation during the period 2015-16, there were 633.88 lakh unincorporated non-agriculture MSMEs in the country engaged in different economic activities (196.64 lakh in Manufacturing, 230.35 lakh in Trade and 206.84 lakh in Other Services and 0.03 lakh in Non-captive Electricity Generation and Transmission,) excluding the MSMEs registered under (a) Sections 2m(i) and 2m(ii) of the Factories Act, 1948, (b) Companies Act, 1956 and (c) Construction activities falling under Section F of National Industrial Classification (NIC) 2008.

Table 2 and Fig.1 Estimated Number of MSMEs (Activity Wise)

Activity Category	Estimated Number of Enterprises (in lakh)			Share (%)
	Rural	Urban	Total	
Manufacturing	114.14	82.50	196.65	31
Trade	108.71	121.64	230.35	36
Other Services	102.00	104.85	206.85	33
Electricity*	0.03	0.01	0.03	0
All	324.88	309.00	633.88	100

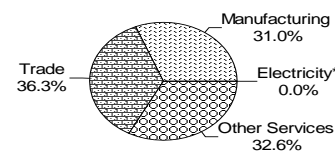


Table 3 and Fig 2 Percentage share of rural and urban MSMEs in the country

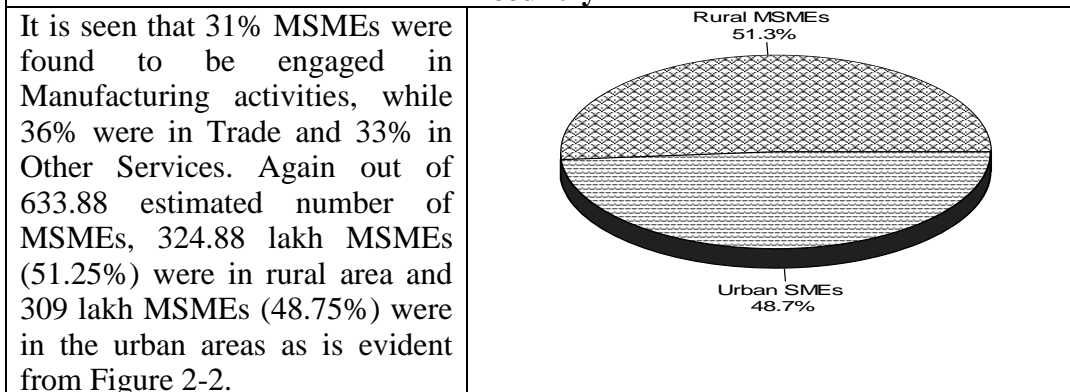


Table 4 Distribution of Enterprises Category Wise (Numbers in lakh)

The Micro sector with 630.52 lakh estimated enterprises accounts for more than 99% of total estimated number of MSMEs. Small sector with 3.31 lakh and Medium sector with 0.05 lakh estimated MSMEs accounts for 0.52% and 0.01% of total estimated MSMEs, respectively.

Sector	Micro	Small	Medium	Total	Share %
Rural	324.09	0.78	0.01	324.88	51
Urban	306.43	2.53	0.04	309.00	49
All	630.52	3.31	0.05	633.88	100

Type of Ownership of Enterprises

Table.5 a & b Male / Female Ownership

Out of 633.88 lakh MSMEs, 608.41 lakh (95.98%) MSMEs were proprietary enterprises.

There has been overwhelming predominance of male owners in proprietary MSMEs. Thus, for proprietary MSMEs as a whole, male owned 79.63% of enterprises as compared to 20.37% owned by female. There was no significant deviation in this pattern in urban

(a) % Distribution of Enterprises in rural and urban areas.

(Male/ Female ownership category wise)

Sector	Male	Female	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
All	79.63	20.37	100

and rural areas, although the dominance of male owned enterprises was slightly more pronounced in urban areas as compared to rural areas (81.58% as compared to 77.76%).

Further male dominance in ownership has been more pronounced for small and medium enterprises with 95% or more enterprises being owned by them, as compared to micro enterprises where 77.76% were owned by males.

The socially backward groups owned almost 66.27% of MSMEs, though bulk of that can be attributed to OBCs owning in 49.72%. The representation of SC and ST owners in MSME sector was low at 12.45% and 4.10% respectively. In rural areas, almost 73.67% of MSMEs were owned by socially backward groups, of which 51.59% belonged to the OBCs. In urban areas, almost 58.68% belonged to the socially backward groups, of which 47.80% belonged to the OBCs

(b) Percentage distribution of Enterprises by Male/Female Owners

Category	Male	Female	All
Micro	79.56	20.44	100
Small	94.74	5.26	100
Medium	97.33	2.67	100
All	79.63	20.37	100

Table.5 & Fig.3. Ownership of Enterprises Social Category Wise

Sector	SC	ST	OBC	Others	Not known	All
Rural	15.37	6.70	51.59	25.62	0.72	100
Urban	9.45	1.43	47.80	40.46	0.86	100
All	12.45	4.10	49.72	32.95	0.79	100

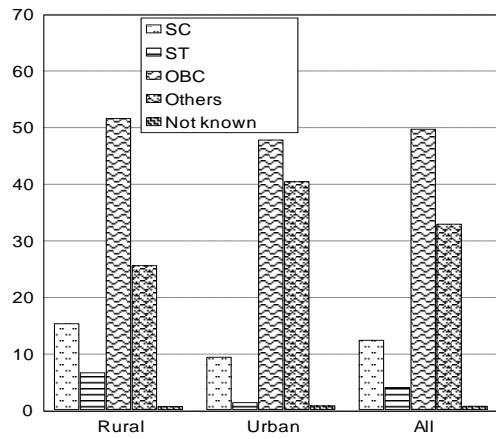
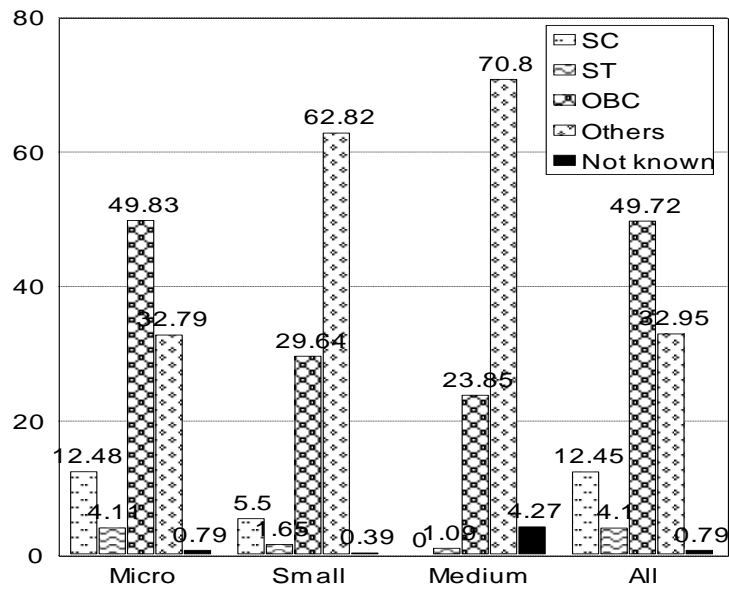


Table 6 and Fig 4 Percentage Distribution of Enterprises Social Category Wise

The analysis of enterprises owned by socially backward groups in each of the three segments of MSME sector reveals that the Micro sector had 66.42% of enterprises owned by socially backward group, whereas Small and Medium sectors had 36.80% and 24.94% of enterprises owned by socially backward groups respectively.



Sectoral distribution of workers in Male and Female Category

Out of 1109.89 lakh employees in MSME sector, 844.68 (76%) are male employees and remaining 264.92 lakh (24%) are females.

Medium, Small and Micro Enterprises: The Indian Perspective

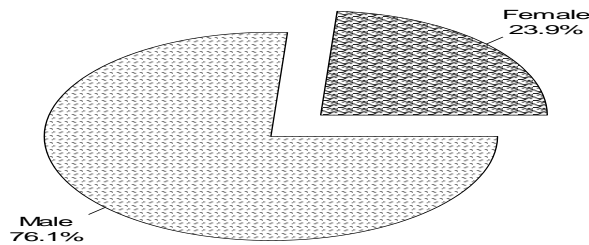


Table 7 Sectoral distribution of workers in Male and Female Category

Sector	Female	Male	Total	Share (%)
Rural	137.50	360.15	497.78	45
Urban	127.42	484.54	612.10	55
Total	264.92	844.68	1109.89	100

State-wise Distribution of estimated MSMEs

State of Uttar Pradesh had the largest number of estimated MSMEs with a share of 14.20% of MSMEs in the country. West Bengal comes as close second with a share of 14% again. The top 10 States together accounted for a share of 74.05% of the total estimated number of MSMEs in the country

State	Estimate Number of MSMEs		State	Estimate Number of MSMEs	
	Number (Lakhs)	Share (%)		Number (Lakhs)	Share (%)
Uttar Pradesh	89.99	14	Andhra Pradesh	33.87	5
West Bengal	88.67	14	Gujarat	33.16	5
Tamil Nadu	49.48	8	Rajasthan	26.87	4
Maharashtra	47.78	8	Madhya Pradesh	26.74	4
Karnataka	38.34	6	Other State/UTI	164.52	74
Bihar	34.46	5	All	633.88	26

Suggestions for Improvement

Based on the annual reports of MSME'S, it can be strongly recommend the following suggestions for the growth and development of the MSMEs in India:

1. **Mutual Supply of Technologies:** A number of appropriate technologies for the MSME sector have developed in various sectors. While each MSME has its areas of strengths and weaknesses, therefore, it would be mutually valuable if already developed technologies made available to each other. A comprehensive list of all sorts of technologies should be prepared and made available accordingly to the MSMEs requiring it.
2. **Constitution of a Panel of Consultants:** For the purpose of technological advancement and guidance a panel of experts and consultants should be prepared, who can help the MSMEs within the region for effectively transfer the available technologies. The constitution of panel of these consultants could be nature wise of the activities of the MSME .At the time of constitution of panel of experts, there should be inclusion of the owners of different sectors of MSME'S.
3. **Determination of Technological Needs:** There should be detailed survey to assess the technical and financial needs of the MSME. So that, the proper arrangement could be made to fulfill the needs of the MSME'S.
4. **Training and development, awareness programs:** There must be conduction of training and development programs by the MSME ministry. The currently running programs are not so effective and sufficient. One of the important reasons for slow intake in the utilization of schemes is the lack of knowledge about schemes and their likely benefits. The current knowledge dissemination system is limited in its outreach. There is a need to develop a better communication strategy and use of new age media tools.
5. **Sufficient availability of the credit-** Our banking system does not provide sufficient amount of credit to fulfill their requirement of establishment of MSME and as well as not for the operational activities. Therefore, there must be availability of credit according to the requirement at cheaper rate.
6. **Relaxation in labor laws and red tape-**There should be relaxation in complex labor laws to avoid the inconvenience in compliance. There should not be uniform labor laws to each MSME. There must be sooth running of the concern not to create a problem for them. Every effort must do to avoid the unnecessary red tape.
7. **Proper research and development:** There should proper research and development in respect of innovative method of production and service rendering. The innovative products will provide the cheaper products and the MSME'S will be able to cope up with the situation.

Conclusion

Starting a business today is a bit simpler as compared to the last decade. here are numerous accelerators, investors, incubators, and mentors available to handhold a business just to ensure they see the future of every business. The

ever-growing mobile/internet penetration has opened up both the rural and international markets. However, this time is perfectly right for everyone as a part of the nation to sow the seeds. Water them, and build the support system; doing this will allow SMEs to achieve everything with full potential. So, all we need to do is make a decision in a vulnerable manner, and not an immediate decision.

MSMEs over the years have assumed greater significance in our burgeoning national economy by contributing to employment generation and rural industrialization. This sector possesses enough potential and possibilities to pushbutton

Accelerated industrial growth in our developing economy and well poised to Support national programme like 'Make in India'. This sector has exhibited Enough resilience to sustain itself on the strength of our traditional skills and expertise and by infusion of new technologies, capital and innovative marketing strategies.

Appropriate strategies should be evolved for creation of an enabling ecosystem Where these enterprises are able to access the benefits meant for themselves Under a formal and friendly ecosystem and are further capable of meeting the emerging challenges of a globally competitive order.

3. MSME

References

- Amitabh Verma, SMEs in India: Challenges and Opportunities, Published on January 28, 2015, <https://www.linkedin.com/pulse/smes-india-challenges-opportunities-amitabh-verma>
- Aruna.N, Problems Faced By Micro, Small and Medium Enterprises – A Special Reference to Small Entrepreneurs in Visakhapatnam, IOSR Journal of business and management, Vol 14, issue 4, PP 43-49
- Christopher J. Green Colin H. Kirkpatrick, and Victor Murinde, (2006) Finance for Small Enterprise Growth and Poverty Reduction in Developing Countries Journal of International Development J. Int. Dev. 181017–1030 (2006) Published online in Wiley Inter Science. (www.interscience.wiley.com)
http://info.worldbank.org/etools/docs/library/239950/Murinde_Reading_GKM-JID-article.pdf
- De Sankar (2009): ISB INSIGHT 11 Winter 09-10.
- Export - Import Bank of India 2012; Strategic Development of MSMEs: Comparison of Policy Framework and Institutional Support Systems in

- India and Select Countries.
- Gisha.P.Mathai (2015), Challenges and Issues in Micro, Small and Medium Enterprises (MSMEs) in India: A Current Scenario of Economic Growthl, Vol 4, Issue 7, PP 162-163
- Manjit Kour, SMEs and their significance in India, SHIV SHAKTI, International Journal in Multidisciplinary and Academic Research (SSIJMAR), Vol. 2, No. 2, March-April (ISSN 2278 – 5973)
- Mohd Zulkifli Muhammad and Abdul Kamal Char, Small and Medium Enterprises (SMEs) Competing in the Global Business, Environment: A Case of Malaysia, [International Business Research](#), Vol.3, No. 1, 2010
- Nalabala Kalyan,Kumar. Sardar,Gugloth. Competitive performance of micro, small and medium enterprises in India. *Asia pacific journal of social sciences*,pp.128-146
- Neeru Garg (2014) —Micro, Small and Medium Enterprises in India: Current Scenario and Challenges, *Paripex - Indian Journal of Research*, Vol 3, Issue 9, PP 11-13.
- Ramana Nanda & William R. Kerr-(2009)“Financing Constraints & Entrepreneurship”- Working Paper – Harvard Business School– August2009[http:// hbswk.hbs.edu/ faculty/rnanda.html](http://hbswk.hbs.edu/faculty/rnanda.html).
- Satish Kumar Satish Kumar and &Purnima Rao, *Journal of Small Business & Entrepreneurship* Volume 28, 2016 - Issue 2
- Sangita G.Patil & Chaudhari.P.T. (2014) —Problems of Small Scale Industries in India, *International Journal of Engineering and Management Research*, vol 4, Issue 2, PP 19-21
- Srinivas K T (2013): *International Journal of Engineering and Management Research*.3 (4) August 2013 ISSN No.: 2250-0758.
- Sudha Venkatesh and , Krishnaveni Muthiah, SMEs in India: Importance and Contribution , *Asian Journal Of Management Research*, Volume 2 Issue 2, 2012
- Vasanth Majumdar. K, Krishna.M.K (2012) Innovative Marketing Strategies for Micro, Small & Medium Enterprises Inter disciplinary *Journal of Contemporary Research in Business*.
- Annual report of Ministry of Micro, Small and Medium Enterprise-[MSME] of India, (2010-11), Introduction: Background of MSMEs, Development Commissioner (MSME), Government of India. <http://msme.gov.in/MSME Annual-Report-2010-11English.pdf>, accessed on April 5, 2011.