

Competitiveness Roadmap through Future Ready MSMEs: A journey towards Bharat@100

Ms. Moumita Acharya

Assistant Professor, Department of Business Management
Swami Vivekananda University

Abstract:

India is edging towards 100 years of independence in the year 2047 with the objective of global competitiveness and sustainable development. Micro, Small and Medium Enterprises (MSMEs) are the backbone of Indian Economy contributing nearly 27% percent of the Gross Domestic Product (GDP). Roadmap for achieving the goal of being a developed nation by 2047, that is, Bharat@100, largely rests on the shoulders of the MSME sector. To bring about the global competitiveness along with societal well-being and environmental sustainability, MSME sector needs to be future ready in terms of innovation, technology adoption, export orientation, sustainable supply chain and employability. Hence, the article manifests on discussing the significance of the MSME sector in uplifting the journey towards Bharat@100.

Keywords: MSMEs, Competitiveness, Future Ready, Roadmap, Bharat@100

I. Background of the Study

On the occasion of 100 years of independence, India is moving towards the vision to become a self-reliant country with the ambition of “Atmanirbhar Bharat’. India’s GDP is poised to reach the US\$ 5 trillion mark in the year 2026-27. In this context, the role of future ready MSME plays as one of the major pillars of success towards overall economic growth of the country. The Indian MSME sector accounts for around 120 million jobs across industries and regions and is predicted to contribute worth US\$

1 trillion to India's total exports by 2028. As India is reaching towards the celebration of Bharat@100 in 2047, that is Amrit kaal for the nation, that symbolize the remarkable new requisites of transforming India as one of the industrially advanced economies (Economic Times, 19th May 2023). To become globally competitive along with the objective of sustainable economy, MSME sector should have access to sustainable global business practices, upgrading to new age technologies and innovative financial solutions to resolve the challenges of the past and become future ready.

The contribution of Indian MSME sector has played a significant role in the socio-economic development of the country. The roadmap to India@100 requires MSME to adopt newer technologies and innovations in keeping pace with the fast-evolving requirements of the industry and market.

II. Review of Literatures

MSMES have been regarded as the cornerstone of the Indian economy's expansion for quite some time (Negi and Kumar, 2024). MSMES are renowned for needing less money and technology. In the Indian economy, this industry offers the second-greatest amount of job opportunities, after agriculture. (Prakash and Thamilselvan, 2024). Additionally, MSMES promote growth in underdeveloped and rural areas, thereby mitigating regional disparities and ensuring a fair allocation of wealth and income across the country. Notwithstanding its importance and influence in the Indian economy, the MSME sector continues to confront a number of challenges (Sharma and Sharma, 2024). The fulfilling of working capital requirements accounts for 70% of the total financial demand of MSME, which is 69.30 trillion. In order to meet the urgent finance requirements, it is necessary that the enormous credit gap be addressed. Lack of MSME-focused product availability (Satheeswaran, et. al., 2024).

There is a growing push on MSMEs to integrate sustainable practices into their operations to address environmental concerns and align with the broader goals of sustainable development. MSMEs have a variety of situation-specific opportunities as well as challenges in their quest of sustainability (Biswas and Gupta, 2022). The sector's variability of sustainability measures can be attributed to several reasons such as legislative frameworks,

resource limitations, and varying levels of awareness and dedication among MSME owners (Gupta, 2022). Comprehending these nuances is crucial to devising tailored approaches that facilitate MSMEs' integration of sustainable practices, considering their unique circumstances and contributions to the social and economic fabric of diverse locales (Gupta and Biswas, 2020).

The growth of Micro, Small, and Medium-Sized Enterprises (MSMEs) in India is directly linked to a number of significant economic indicators, including the number of MSME units, GDP share, employment generation, and export statistics (Usha and Devakumar, 2018). The significant importance of the MSME sector to India's overall economic development, have made this relationship easier to understand. The MSME sector in India is crucial to ensuring that the Sustainable Development Goals (SDGs) are met by 2030 (Yang and Zhang, 2020).

III. Research Gap

The literatures available with respect to MSMEs in India intends to highlight the significance of the sector in the Indian economy. The related literatures place the center of discussion towards the fact that MSMEs play a significant role in the overall economic development and value addition to the Indian eco-demography. But no such seminal work is evident which illuminates on the role of the MSME sector fruit fulling a competitive and sustainable future roadmap towards Bharat@100. Hence the researcher intends to de-earth the present scenario and competitiveness structure which will help India to attain a competitive and sustainable future when heading towards 100 years of Independence.

IV. Research Objectives

On the basis of the review of literatures and research gap, the following research objectives are as framed:

1. To analyze the schemes announced by Government of India for future ready MSMEs.
2. To frame a 4-S MSME competitiveness model which intends towards uplifting the journey of India towards Bharat@100.

V. Research Methodology and Database

The present study is descriptive in nature and is based on secondary database. The data is collected from various government reports and publications as well as reports from other concerned authorities. Several tables, percentages, graphs are used to interpret and fulfil the research objectives.

VI. Findings and Discussions

MSMEs are frequently referred to as the engine of the Indian economy. MSMEs have a major impact on exports, employment creation, and general economic expansion. According to reports, they support around 11 crore jobs and provide over 27.0% of India's GDP. Based on approximations, the industry comprises approximately 6.4 crore MSMEs, of which 1.5 crore are registered on the Udyam portal. It also employs approximately 23.0% of India's labor force, making it the country's second largest employer after agriculture. They provide 45.03% of the nation's overall exports⁵ and 38.4% of the nation's manufacturing output.

With over 6.30 crore enterprises, the MSME sector has become one of the most dynamic and lively segments of the Indian economy. It is the second most capital-efficient sector after agriculture, providing chances for self-employment and entrepreneurship at relatively cheap costs. Through the implementation of various schemes and programs aimed at providing credit assistance, technological assistance, building infrastructure, improving skills and training, enhancing competitiveness, and market assistance, the Ministry of MSME, Government of India, promotes the growth and advancement of the sector, including the Khadi, Village, and Coir industries.

The following schemes were implemented with respect to MSMEs during the year 2023-24 and their status as on 31.03.2024:

Table 2: Schemes Implemented

Sl.No.	Details of Schemes for MSMEs	Status of the Scheme as on 31.03.2024
1	59-minute loan portal	• A total of 2,48,766 loans amounting to Rs. 86,112 crores were officially approved. • There have been 2,29,261 loans disbursed totalling Rs. 69,352 crores.
2	Interest Rebate	• By RBI circular dated 08.03.2022, the Interest Equalization Programme was extended till 31.03. 2024. • The Interest Equalization Scheme has revised its rates. MSME manufacturing exporters shipping under any HS line now pay 3% of the revised rates, while manufacturer and merchant traders operating under 410 HS lines pay 2%. • Since the Rs. 9538 Crore financial outlay allocated to the plan was insufficient to fund it until March 31, 2024, the department prepared a comprehensive proposal, which it filed to the EFC for approval. With an increased expenditure of Rs. 2500 crores, the Expenditure Finance Committee (EFC) authorized the expansion of the outlay for the Interest Equalization Scheme to cover the period until June 30, 2024.
3	Mandatory procurement of 25% instead of 20% from MSMEs	• 25% of all purchases, as opposed to 20%, must come from MSMEs • CPSUs have purchased products and services from 1,61,305 MSEs for a total of Rs 44,591.89 crores in 2023-24, accounting for 33.39% of all procurement.
4	Mandatory procurement from Women Entrepreneurs	• Out of 25% required procurement, CPSUs will mandate the purchase of goods by women entrepreneurs in the amount of 3%. • As of now in 2023-24, CPSUs have purchased goods and services from 12,739 women-owned micro, small, and medium enterprises (MSEs) for a total of Rs 1,439.37 crores, or 1.08% of the procurement value.
6	Government e-Marketplace (GeM)	• On the GeM platform, MSMEs account for 48.33% of order value.

Source: Compiled by the researcher through various government reports

From the above table the intentions of the government towards strengthening the MSMEs are evident. Along with the existing schemes, there are various other announcements which are announced by the Ministry of MSMEs which are discussed below:

1. PM Vishwakarma

A new program named “PM Vishwakarma” seeks to guarantee that “Vishwakarmas” are incorporated into both local and international value chains while also enhancing the caliber and marketability of the crafts people’s goods and services. The Plan was unveiled in the Budget Address for the fiscal year 2023–24 on February 1st, 2023. On September 17, 2023, the Honorable Prime Minister officially introduced the Scheme. This Scheme aims to provide Vishwakarmas, or artists and crafters, with comprehensive end-to-end support so they can advance up the worth chain in their specialized fields. It will improve the socioeconomic standing of craftsmen and craftspeople by bringing about a fundamental change in the way they conduct their jobs.

The Government of India provides all funding for PM Vishwakarma, a Central Government Scheme, which had an initial investment of Rs. 13,000 crores over a five-year period beginning in 2023–2024 and ending in 2027–2028. An aggregate of 48.80 lakh people has been enrolled under PM Vishwakarma as of December 30, 2023. 1.32 lakh registrations have been successfully enrolled under the Scheme in total. The individuals who have registered will go through five days of “Basic Training.” The applicants that selected credit support will benefit from collateral-free credit following successful training.

2. MSME Champions

The MSME Champions Scheme aims to enhance business competitiveness, modernize processes, cut waste, and support the national and international reach and excellence of clusters and firms. “MSME-Sustainable” (ZED), “MSME-Competitive” (LEAN), and “MSME-Innovative” (Incubation, Design, and IPR) are the three components of the scheme. On April 28, 2022, the MSME-Sustainable (ZED) Certification program was introduced. 4.41 lakh MSMEs have registered overall, and they have received 79,546 Bronze, 275 Silver, and 271 Gold certificates.

ZED certification is now free for female MSME owners. On March 10, 2023, the MSME Competitive (LEAN) Program was introduced. Up till December 2023, 3,200 MSMEs with “Basic Lean” certification have been certified, 6,453 MSMEs have accepted the pledge, and 6,561 MSMEs are registered thus far.

3. *RAMP Scheme*

The Raising and Accelerating MSME Performance Programme (RAMP) Scheme seeks to improve MSMEs’ access to credit and the market, upgrade their technology, address late payments and corporate greening, and strengthen institutions and governance at the federal, state, and local levels. The National MSME Council met twice in 2023, on May 10, and December 20, 2023. A total of Rs. 1143.55 crore has been granted for the Strategic Investment Plans for ten states which includes Odisha, Tamil Nadu, Maharashtra, Madhya Pradesh, Uttar Pradesh, Mizoram, Andhra Pradesh, Bihar, and Karnataka. The first round of funding from the Indian government has been distributed to the states.

4. *20 Hubs and 100 Spokes in the form of Tool Rooms*

The plan, with an estimated expenditure of Rs. 3500 crores have been given authorization for implementation up until 2025–2026. 21 sites have been chosen and authorized for the establishment of Tool rooms. Land has been finalized for 18 places, and the finalization of land for the remaining 4 locations is underway. Of the 16 sites whose land was finalized.

5. *Clusters for Pharma MSMEs*

Pharma MSMEs ought to join clusters and receive 70% government backing. support from India Four suggestions were submitted in response to the announcement. Of the quartet, the submissions that Indumati Pharma Pvt. Ltd. Pune received its final sanction on March 26, 2021, with Project expenses of Rs. 31, 43, 75, 175 and financial support amounting to Rs. 20 crores. Up until July 31, 2022, Rs. 18 crores had been released from this.

6. *Livelihood Business Incubator*

An organization created to provide programs for skill development and job creation in the agro-rural sector, with an emphasis on underserved and rural areas, in order to foster entrepreneurship. The LBIs’ initiatives are designed to help the

recipients start their own businesses or find suitable jobs in the local industrial cluster. The primary goals of LBI are to create job opportunities by supporting the formal, scalable establishment of microenterprises and to train, upskill, and reskill jobless individuals as well as current wage earners and self-employed individuals in new technologies.

Between January 2023 and December 2023, ASPIRE, managed by SIDBI, approved four new Livelihood Business Incubators (LBIs), training 25,468 beneficiaries, of which 1,458 were wage employees. Furthermore, 225 microbusinesses were founded through the LBIs.

7. Other schemes aiding competitiveness among MSMEs

- 3,67,087 Unified Yearly Returns for the time frame from 02.11.2018 to 31.12.2023 were submitted filed by the businesses under the Integrated Annual Returns on Shram Suvidha Portal with 8 Labour Laws and 10 Central Rules.
- 40,78,478 enterprises (including MSMEs) were recently inspected by the computerized random assignment mechanism under the risk-based approach via the Shram Suvidha Portal.
- The goal of the SRI Fund is to give qualifying and worthy MSME Sector units growth funding. By investing more than Rs. 3658 crores between January 1st, 2023 and November 30th, 2023, 14 daughter funds were partnered with NSIC Venture Capital Fund Limited (NVCFL), a mother fund, to support 242 potential MSMEs.

Source: Compiled by the researcher through various government reports

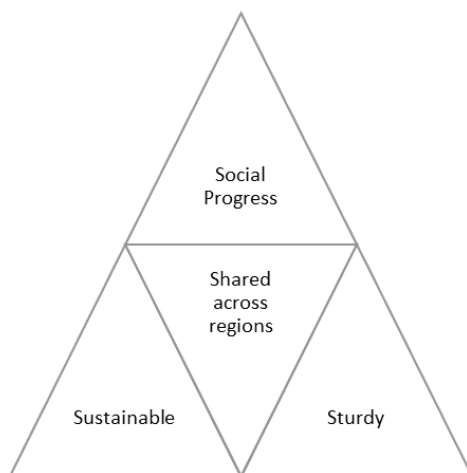
4-S Model: Roadmap for Future Ready MSMEs

Professor Michael E. Porter's Competitiveness framework serves as the foundation for the Competitiveness blueprint for MSMEs in India@100. The competitiveness approach advances the notion that productivity is a key factor in long-term economic success. It highlights the environment in which a country may enable businesses to be more efficient and for people to share in the wealth created by their labor. The India@100 roadmap, which is based on this strategy, lays out how industry-specific and specific to the region strategies based on the "4 S" principles

will help India become a high-income nation by 2047.

The goal of the roadmap is to provide new guidelines based on well-defined overarching objectives and the formulation of a fresh approach to development integrated into the integration of economic and social agendas. The “4 S” guiding principles, which emphasize the need for prosperity development to be balanced by social progress, to be shared throughout all regions of India, towards being environmentally sustainable, as well as be sturdy in the face of external shocks, redefine our approach to achieving prosperity. Resilient and comprehensive development is made possible by the “4 S” guiding principles, which encompass these four crucial areas.

Figure 1: 4-S Model



Source: Compiled by the researcher through various government reports

The components of the above model are analyzed below:

1. Social Progress through MSMEs

Through their innovative business practices, MSMEs are making a substantial contribution to the growth of entrepreneurial endeavors. MSMEs are expanding into new economic areas and offering a wide range of goods and services to satisfy both local and international consumer demands. In addition to offering significant employment opportunities at a significantly lower cost of capital than large industries, MSMEs in India are playing

a critical role in industrializing rural and underdeveloped areas, reducing regional imbalances, and ensuring a more equitable distribution of wealth and income across the country.

At a predicted CAGR of 2.5 percent, the total number of MSMEs in the entire nation is expected to increase from 6.3 crore to around 7.5 crore in the near future. As of March 2024, there were 4,00,42,875, MSMEs listed on the Udyam portal, which includes the Udyam Assist Platform (UAP). According to the recent RBI data on departmental deployment, the gross credit from banks allocated to MSMEs through priority sector financing in the month of October 2023 totaled US\$ 279.18 billion, up 22.8% from the preceding year and 11.8% from September 2023.

2. Shared economic well-being throughout the region through MSMEs

With an estimated 630.52 lakh businesses, the micro sector makes up over 99% of all MSMEs. The estimated number of MSMEs in the small and medium sectors was 3.31 lakh and 0.05 lakh, respectively, making up 0.52% and 0.01% of the total estimated MSMEs. Of the estimated 633.88 MSMEs, 324.88 lakh (or 51.25%) are located in rural areas, and 309 lakh (or 48.75%) are located in urban areas. 608.41 lakh MSMEs (95.98%) out of 633.88 MSMEs have proprietary problems. The ownership of private MSMEs was dominated by men. Therefore, among proprietary MSMEs overall, men controlled 79.63% of the businesses, compared to women who owned 20.37%.

Both urban and rural regions showed no discernible variations in this pattern, while the predominance of male-owned businesses was slightly more. Nearly 66.27% of MSMEs were held by socially backward populations. OBCs controlled the majority of that (49.72%). In the MSME sector, the percentage of SC and ST owners was low, at 12.45% and 4.10%, respectively. Socially and economically disadvantaged groups held over 73.67% of MSMEs in rural areas, with 51.59% of these groups being OBCs. Nearly 58.68% of people in urban areas were members of socially backward categories, of which 47.80% were OBCs (MSME Annual Report, 2023-24).

3. Sustainable Development through MSMEs

MSMEs have demonstrated a noteworthy ability to foster sustainable economic development through their ability to foster entrepreneurship, generate job opportunities, and operate in underdeveloped areas, all of which contribute to sustainability. MSMEs have the capacity to generate a lot of revenue opportunities, although smaller ones, serving a sizable portion of the Indian and global populace. MSMEs have demonstrated a noteworthy ability to foster sustainable economic development through their ability to foster entrepreneurship, generate job opportunities, and operate in underdeveloped areas, all of which contribute to sustainability. MSMEs have the capacity to generate a lot of revenue opportunities, although smaller ones, serving a sizable portion of the Indian and global populace.

4. Sturdy in the face of external shocks

Since almost all of MSMEs are unregistered, they have been particularly hard hit by the lockdowns that were implemented during the COVID-19 outbreak. Due to limitations in supply and demand, a large number of them were forced to close their doors, while others had to scale back their activities. The hazards associated with climate change have an impact on India's micro, small, and medium-sized (MSME) industries. These companies are growth engines because they create jobs, enhance value chains, encourage grassroots innovation, and make efficient use of underutilized local resources. Nevertheless, the industry is not immune to the risks, uncertainties, and financial harm brought on by climate change. The development of a corpus worth Rs. 1 lakh crore providing 50-year interest-free loans was announced in the interim budget for 2024–2025. The purpose of this effort is to encourage the private sector to improve innovation and research in developing sunrise domains, with a focus on MSMEs.

I. Conclusion

Strong evidence regarding the sensitivity of MSMEs to socio-economic change and the potential costs to them must be developed. Value chain analysis is one method that could be used to identify climate hotspots, likely disruptions, and important areas for intervention. Risks may be managed by adopting cutting-edge technology like artificial intelligence (AI), remote sensing, and geographic information systems to provide

tailored information, advice, and extension services. Creating a trustworthy database of regional resources and indicators pertaining to MSME would help research and development create business-specific solutions. Increasing knowledge and enhancing an enterprise's or cluster's capacity to foresee, plan, and prioritize measures against internal and external issues and repercussions is a crucial strategy for supporting MSMEs. MSMEs frequently don't have sufficient funds to invest in technology. To prioritize innovations and speed investments, MSMEs must develop creative and specialized low-risk finance solutions.

References

Biswas, B., & Gupta, R. P. (2022). Role of Microfinance Institutions in Social inclusion: A Study with Reference to India. In *Microfinance to Combat Global Recession and Social Exclusion: An Empirical Investigation* (pp. 229-247). Singapore: Springer Nature Singapore.

Government of India & Ministry of Micro, Small and Medium Enterprises. (2022). *Annual Report 2022-23*. <https://msme.gov.in/sites/default/files/MSMEANNUALREPORT2022-23ENGLISH.pdf>

Gupta, R. P. (2022). Strategies for Survival of Indian Business Post Lockdown with Special Reference to MSMEs. *Sustainable Strategies for Economic Growth and Decent Work: New Normal*, Lincoln University College, Malaysia, 28-37.

Gupta, R. P., & Biswas, B. (2020). Trends and Growth in Ceramics Industry: A Comparative Study between India and China, *Business Studies*, XLI (1 & 2), 1-14.

Negi, C. S., & Kumar, S. (2024). ROLE OF MSMEs IN INDIAN ECONOMY. *RESEARCH JOURNAL OF COMMERCE*, 55.

Online, E. (2023, May 19). ET MSME Day 2023: Building future-ready MSMEs to power the India@100 dream. *The Economic Times*. <https://economictimes.indiatimes.com/small-biz/sme-sector/et-msme-day-2023-building-future-ready-msmes-to-power-the-india100-dream/articleshow/100163213.cms?from=mdr>

Prakash, N. S., & Thamilselvan, R. (2024). A Study on MSME-Availability of Finance and Way Forward in India. *NATURALISTA CAMPANO*, 28(1), 274-278.

Satheeswaran, M. V., Patrick, M. K. A., & Nisha, S. P. Financial management of smes in the covid era-analytical review related to msme in India. *Challenges and recovery measures*, 72.

Sharma, M. P., & Sharma, R. (2024). The Financial Gap in MSME Sector: A Review of Literature for the Period of 2014 to 2023. *Educational Administration: Theory and Practice*, 30(5), 3120-3127.

Usha, N., and Devakumar, G. (2018). An Analysis on the Critical Parameters Influencing Sustainability for Agri Business Industry: A Systematic Review and Conceptual Frame Work. *Asian Journal of Management*, 9(1), 464-470.

Yang, L., & Zhang, Y. (2020). Digital financial inclusion and sustainable growth of small and Micro enterprises – evidence based on China's new third board market listed companies. *Sustainability*, 12(9), 3733.