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Evaluation of micro, small and medium enterprises in special reference of India

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Abstract

Micro, small and medium enterprises (MSMEs) plays vital role of economic development of India. It is an emerging industry which provides employment in rural and backward area in huge level. Its contribution in exports is also inexplicable. In this paper we want to study the overall performance of the MSMEs. As we search that it helps more in development of rural area and gives employment to women and illiterate persons also.

Keywords: Rural, employment, export, performance

Introduction

Industry is part of India's legacy economic model and an important supply chain for products and services. This sector is known as an employment creator, Along with this, it plays an important role in generating employment on a large scale in rural and backward areas. MSMEs is also helpful in sustainable development, innovation and sustainable work. Now the question arises that what is MSMEs, that is what type of industry is included in it. We keep such industries in which the number of persons working and the annual production remains within a limit. it have a huge contribution to the economic system of any country. Year 2006 Micro, Small and Medium Enterprises Development Act enacted in India to classify MSMEs. When the Act was first implemented, the MSMS was defined on the basis of "Plant and Machinery" which was amended in 2018 to "Turnover "bases. New amendment was done from 1 July 2020, according to which the MSMEs are classified as follow

Bases of classification	Manufacturing sector & Service sector		
	Micro	Small	Medium
Investment in plant and machinery / equipment	Does not exceed one crore rupees	Does not exceed ten crore rupees	Does not exceed fifty crore rupees
Annual Turnover	Does not exceed five crore rupees	Does not exceed fifty crore rupees	Does not exceed two hundred and fifty crore rupees.

The new classification has come into effect from 1st July, 2020. The earlier criteria of classification of MSMEs under MSME Act, 2006 were based on investment in plant and machinery / equipment. It was different for manufacturing and service units. A revision in MSME criteria of classification was announced under Aatma Nirbhar Bharat package on 13th May, 2020. (Annual Report MSME 2020-21)

MSME is life line for economic development in most importantly in development country like INDIA. It generates huge employment in less investment. Most of work done in small industry manually instead of machinery .so that more men power required which is strongest point of small industry. Make in India project can be completed through it Indian product can be distributed worldwide.

In India MSME occupy 36 Million contribute to 45% of industrial production 40% of export sector through more than 6000 product ranging from traditional to high tech and provides employment about 80million persons (subhamay Bainik¹)

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Above data interpret that SSI direct related to growth Indian economy it helps in increasing employment, production living standard and economy development of country.

Objective of study

Research is for the aim to find out following point about SSI and get to concludes with how much SSI are important for developing country

- Objective of study to find out performance MSMI in economic development of India.
- Employment generation through MSMI.
- Export enhance by MSMI.
- Find out shortcomings of MSMI.

Research Methodology

Descriptive methodology has been taken for research. The data collected mostly from secondary sources from recent research papers, MSMI Annual Report, various journals and also through different websites. The study is based on the data available for the period 2015-2020 for performance evaluation of Small Scale Industries.

Literature Review

In 2017 research scholar Subhmay Banik said in his research paper “small industry in india, opportunity and challenges” that SSI constitute the backbone of developing economy with its effective, efficient and flexible and innovative entrepreneurial spirit. It helps in generating employment reducing regional imbalance, promoting inter sartorial linkage, magnifying export and ranging from traditional to high technology

In 2016 Dr. Umesh and D Jadhav [2] discusses about the problem of small companies. He had given detailed description about their remedies while drawing attention to their major problems. He also said that to empower SSI govt. must take some strict action.

V G Sudharani Research scholar (2021) [3] studied that The Micro, Small and Medium Enterprises (MSMEs) sector is a very crucial segment in the Indian Economy. The contribution of the sector to the economic growth is substantial. Looking at the economic reforms initiated post 1991 have not given enough attention to the MSME sector that it actually deserves. On the economic front the present study reviews the economic contribution of the MSME sector post the second decade since the economic reforms of 1991. The study attempts to account the MSME economic performance mustering the data from various economic

reports and publications.

Rakesh Rathore and Aditi Mathur (2019) [4] A study on role and prospects of micro, small and medium enterprises in India Rakesh Rathore and Aditi Mathur Abstract Micro, Small and Medium (MSME) enterprises are the valuable industries in India and they are second largest contributor after agriculture in Indian economy. Micro, Small and Medium enterprises play a significant role in Indian economy through creating huge employment opportunities for skilled and semiskilled people. Approximately they employ 40% work force of the country. In it we focus on recent policy initiatives and schemes for the MSME in India and role of micro, small and medium enterprises in boosting nation economy.

Role in economic development

To improve financial status, increase living standard, remove regional imbalance, to completing make in india vision and providing employment in rural area also MSMI is very important. It helps through the manufacturing and distribution and government income through taxes .some of major features which develop India’s economy are as follows-

Distribution of Enterprises (Rural and Urban area wise)

There are some figures which shows total no. of MSMI expand in urban and rural areas .as we see that there are 630.52 lakh micro industry in urban and rural area 3.31lakh medium industry and .05 lakh medium in both sector. This indicates that MSMI is spread almost equally in both regions which somehow reduces the regional imbalance

Distribution of Enterprises (Rural and Urban area wise)

Sector	Rural	Urban	Total
Micro	324.09	306.43	630.52
Small	0.78	2.53	3.31
Medium	0.01	0.04	0.05
Total	324.88	309.00	633.88

Employment through MSMI

It is clear that 99% of employment provide by MSMI sector le, trade, manufacturing and other distribution . Thousand of products manufactured by MSMI There is full opportunity for development of new entrepreneurship which is a source of employment for self as well as other people. Currently as we see in data that more than 11 crore people working under it.

Employment through MSMI

Activity	Employment (in lakh)			Market share in%
	Rural	Urban	Total	
Manufacturing	186.56	173.86	360.41	32
Electricity*	0.06	0.02	0.07	0
Trade	160.64	226.54	387.18	35
Other Services	150.53	211.69	362.22	33
All	497.78	612.10	1109.89	100

Export enhance by MSMI

There are some data of last four years that show contribution in export throw MSMEs. Which shows that MSMEs is continuously increasing in the field of export also. The data shows that the export of MSMEs in the year

2018-19 was 48.10 percent, which decreased by 49.75 percent in 2019-20 and decreased slightly by 49.35 percent in 2020-21, again it recovers in 2021-22 which is 45% till September

Export enhance by MSMI

Year	India's total Export (in US\$ billions)	Export of MSME Related products (in US\$ billions)	% Share of MSME related products to India's total Export
2018-19	330.08	158.76	48.10
2019-20	313.36	155.91	49.75
2020-21	291.81	143.99	49.35
2021-22 (April-September)*	198.26	90.80	45.

Source: DGCI&S, Kolkata, * provisional.

Shortcomings of MSMI

While we see that MSME plays a very important role in the Indian economy, yet there are many drawbacks that it has to face. Because of which it is not able to give its full contribution in improving the economy as much as it can. Some of the main reasons behind MSME are as follows-

Lake of skilled man power: It's a major problem faced by MSME that we have so much population but we have not skilled man power. it's very important to employee should be efficient, trained, and literate. which is not yet, Although the government is making more efforts for this, under which training programs are being run, but more efforts are needed in this.

Supply of credit facilities: Credit assistance is one of crucial problem faced by MSME. The main reason for this is that the entrepreneur does not register his enterprise, due to which he is deprived of many facilities provided by the government.

Lake of updated technology: MSMEs still do not have much development in new technology, because they do not have much support from the government, On the other hand, they have to compete with foreign companies which use highly developed technology. This is very considerable.

Poor supply of raw material: Due to non-availability of good quality raw material, the finished goods are also not of good quality; due to this the goods manufactured by MSMI are not able to face the competition in the export market. Therefore, we need to provide good quality raw material so that the finished product is up to the standard and can face the competition.

Conclusion

After studying from all sides, we finally come to the conclusion that the government is making tireless efforts to promote the MSMEs. Initiatives have been taken to increase exports under this 102 industrial development centers were opened recently. The purpose of which is to give attention to rural industries as well as to give them necessary advice. Apart from this, many other efforts are also being made Looking at all these, it can be concluded that a little more effort can prove to be a milestone in India's economic system.

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