

MICRO SMALL AND MEDIUM ENTERPRISES (MSMES) IN INDIA - EMERGING TRENDS

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Abstract

The MSME sector is considered the backbone of Indian economy with a contribution of 38% to India's GDP, 40% share of exports and 37% share of the manufacturing output, apart from it employing almost 120 million across the country. The MSME sector is expected to contribute significantly to India's growing GDP. It is projected that this sector will improve India's financial inclusion and lessen the urban-rural divide. Again, it is expected that by 2020, India will have the largest job ready, youth population in the world and this sector will not only generate employment of significant level but will also become the hotbed of entrepreneurial activities. The government realizes the urgency for providing a congenial atmosphere to foster the growth of Indian MSME and 2017 witnessed the strengthening of current policies and introduction of new initiatives to improve the business environment for MSMEs. The implementation of the much-awaited GST Bill has benefitted MSMEs not only with simpler tax structure, but also with improved technology adoption in order to comply with GST system.. The GST bill is set to revolutionize the Indian tax system and offer the SME sector an equal footing as compared to their bigger, more-established counterparts. The present study aims to pinpoint the latest trends that have been seen in the MSME sector of India.

Key Words : MSME, GST, Govt Schemes, Ministry of MSME

Objectives

- To analyse the role of MSMEs in the new economic and political scenario of India.
- To analyse the impact of GST on MSMEs.
- To understand the new schemes and programmes announced by the Government for MSME development.
- To understand the latest developments in the field of MSMEs.

Introduction

It is well understood that the MSME will play a crucial role in furthering growth, innovation and commerce in India. A major thrust, consequently, is the need of the hour to strengthen it and make it well-equipped to steer the country towards growth. 2017 has been a remarkable year in the Indian MSME sector. The Goods and Service Tax was a major milestone in the economic map of India and is expected to assist MSMEs with a simpler tax structure, apart from other fringe benefits. Further, with government's focus on digitalization, advent of improved technology, single window clearance, online approvals, etc. will help to speed up the erstwhile lengthy business processes and

regulations. Moreover, the various benefits and SOPs in the Union Budget for the MSME sector will further help the Indian MSMEs take a smoother course towards development. The MSME sector is well-equipped to fulfill its role as the backbone of Indian economy and is poised to make “Make in India” campaign a reality in the near future. 2017 saw developments in the country and outside that would have a major significance in the trajectory of MSME growth. The launch of the Goods & Services Tax was a major game changer and is expected to benefit MSMEs not only with simpler tax structure, but also with aspects such as improved technology adoption, in order to comply with GST system. With the “one Nation, One tax” approach, Indian is poised to be an open market helping SMEs explore new markets with few entry barriers for business expansion. The government has also announced major sops to address the credit paucity for MSMEs by doubling their credit guarantee cover from Rs. 1 crore to Rs. 2 crore and enhancing their cash credit limit from 20% to 25%. Further, the government’s focus on digitalization of business processes and regulations through self-attestations and certifications, single window clearance, online approvals, etc., will further strengthen the MSME sector. Another significant move is the Zero Effect Zero Defect Scheme to promote manufacturing excellence amongst MSMEs while minimizing the adverse effect on the environment. Other major developments comprises of the launch of the National SC/ST Hub for building the capacity and enhancing the market linkages of the underprivileged sections of society, the Insolvency and Bankruptcy Code, and labour market reforms. The Ministry has also launched the MSME Databank in order to create an online repository of MSMEs in India and their various products and services. Moreover, the initiatives undertaken by CII have been able to affect a tangible change in the MSME ecosystem in the country. CII is aimed at working synergistically with the government and actively champion the cause of a robust MSME sector in India through its ongoing and upcoming initiatives. A technologically vibrant and internationally competitive SME sector is what the sector will strive to achieve, thus sustaining its contribution to the national income, employment and exports.

The Indian Micro, Small and Medium Enterprises (MSMEs) have experienced several highs and lows in the past few years. With the Indian economy expected to emerge as one of the most prominent economies in the world and likely to become a \$5 trillion economy by 2025, major impetus is being given to strengthen the backbone of our economy - the MSME sector. Comprehending the significance of the MSME sector in the fields of employment generation, contribution to GDP and fostering entrepreneurship and innovation etc, numerous initiatives have been taken by the government in order to develop this vibrant and dynamic sector. With changing customer preferences, an increasing base of customers and more initiatives, small businesses have seen great growth.

Redefining MSMEs based on annual revenue

For more than 50 years the MSMEs in India are defined on the basis of self given declaration on investment in plant and machinery. This has created many confusions and complexities. Therefore, From time to time, the MSME sector has been raising a demand for revision / amendment in the MSME definition. Recently, The Union Cabinet approved a proposal to change the definition of

Micro, Small and Medium enterprises. Since 1950s Small Scale Industries (SSIs) and later MSMEs have been traditionally defined based on their investment in plant and machinery for manufacturing units, and investment in equipment for service enterprises, and now the new definition define them based on their annual turnover. It does away with investment criterion and instead proposes to define MSMEs on the basis of annual sales turnover. There is no distinction between manufacturing and service units. Under the earlier definition, manufacturers with Rs25 lakh investment in plant and machinery were termed micro enterprises and those with investments between Rs25 lakh and Rs5 crore were regarded as small enterprises. Firms with investments of up to Rs10 crore are classified as medium.

According to the new definition, a micro enterprise is a unit where the annual turnover does not exceed Rs. 5 crore, a small enterprise is one where annual turnover is between Rs. 5 crore and Rs 75 crore, and a medium enterprises is where the turnover is more than Rs 75 crore but does not exceed Rs 250 crore. In order to give this new MSME definition into effect, the Section 7 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 will be amended in the coming days.

The move also aligns the definition with GST regime. It will be easier now for authorities to verify claims of businesses using the sales data they have from the GST Network. This will eliminate the need for inspections, make the classification system progressive, and contribute to ease of doing business as well. It is also expected that with this new definition the Government will do away with those clauses that exclude medium sector from various promotional schemes for the sector.

Therefore, change in criterion of defining MSMEs has been considered using Turnover as the basis. The advantages of having such a definition could be. The Turn-over based criterion resolves many of the ills of earlier regime. It is transparent, as authorities could always cross check the turnover through platforms such as GSTN. No CA certificate would be required. Secondly, it also levels the field for new and old enterprises as the comparison is not between historical investments and current investments but between current turnovers. It would be realistic also: after inflation adjustment the definition of small enterprise on the basis of investment would have been Rs 15 core today. Keeping turnover five times the investment, a very conservative figure, we have Rs 75 crore as a threshold which is what is proposed in the new definition.

But there is flip side too. There are few sectors where investment is low but turnover is high for example gems and jewellery units, units producing Aluminium conductor steel-reinforced cable (ACSR) among others. Many of the units have been under small category owing to investment criteria but having high turnover ranging from Rs 100 to 30 crore. They enjoyed benefits under Public Procurement Policy for MSEs which mandates 20% set-aside for Micro and Small Units in all central government purchases. Suddenly, the reserved pie of the cake is out of their reach. The PPP for MSE would not be available for units having more than Rs 75 crore annual turnovers.

Impact of GST on MSMEs

The Goods and Services Tax (GST) will boost the competitiveness of micro, small and medium enterprises (MSMEs), According to a recent study by The Associated Chambers of Commerce and

Industry of India (ASSOCHAM) GST will bring many positives to MSMEs compared to the current systems such as easy process of availing input credit, single point tax, elimination of cascading tax system, and simpler taxation. The report also said there is no doubt that GST is aimed to increase the taxpayer base and bring major MSMEs into its scope and would put some burden of compliance and associated costs to them. But eventually, it will turn these MSMEs more competitive with a level playing field between large enterprises and them. It also highlighted that pros of GST in the MSME sector included improved MSME market expansion, lower logistical overheads, boon for MSMEs dealing in sales and services, unified market and purchase of capital goods. The study also highlighted the cons of GST in the MSME sector - burden of lower threshold, no tax differentiation for luxury items and services, increase in cost of product, selective tax levying, burden of higher tax rate for service provider, excess working capital requirement, realignment of purchase and supply chain, dual control. The implementation of GST is generally expected to bring good tidings to this sector. Some key points in favour of SMEs are:

- **Market Base:** Set to grow as interstate sales complexities are a thing of the past. Since there is no longer any tax burden on interstate sales, big corporates and manufacturers can procure materials & components from small players from across any state borders.
- **Increased Competitiveness:** Low-cost imports are no longer a cause for worry since tax levied on imports goods and local manufacturers will be the same.
- **Freight Cost:** Expected to come down by 1 to 2%, thus bringing down the cost of raw material and finished products.
- **Cost of Raw Materials:** Expected to come down with the disappearance of 2% CST on interstate sales.
- **Sales & Service:** Treatment of sales & services will be the same under GST means no additional tax burden on SMEs with a business model of sales and service.
- **Transparency and Ease of Doing Business:** The new indirect tax regime replaces multiple tax rules. Physical interface of bureaucracy expected to be nonexistent or minimal since registration, tax payment, input tax credit & tax liability adjustment, tax returns, and refunds will all happen online electronically.

Tax benefits of budget 2018 for the growth of SMEs in India

The Union Budget of 2018, puts the focus on reducing stress on accounts of Micro, Small and Medium Enterprises (MSMEs). The budget laid emphasis on facilitating “Ease Of Doing Business” in the country. MSMEs are labour-intensive and the need of the hour is to create an enabling environment for them to invest and grow, creating jobs, pushing demand and growth. The major policy recommendation in 2018 budget for the benefit of MSMEs are:

Reduction in corporate tax

The Union Budget 2018 has proposed a lower corporate tax rate of 25 per cent on companies with an annual turnover of up to Rs 2.5 billion. As the tax rate earlier was 30 per cent, this would give a

massive boost to the small-and-medium-sized companies that were facing the brunt of demonetization and goods and service tax. A slew of measures was proposed to relieve tax burden on SMEs and ensure easy funding for them. There was a major change in corporate taxation rules. A few tax exemptions were also modified in the Budget, in accordance with announcements made earlier by the government. With reduced tax rate, it will allow businesses to improve their financial health, and increase their competitive advantage. Apart from this, new ventures with annual turnover under Rs. 25 crores, can avail tax exemptions for three consecutive years.

Tax exemption for FPCs

The Budget also proposed 100% exemption of tax under Section 80P for companies who derive profit directly from members engaged in primary agricultural activities. Similar benefits are extended to Farm Production Companies (FPC) having a total turnover of up to Rs. 100 crores. Agro-based companies benefit greatly from this exemption. These farm production companies can invest adequately in purchase of inventory and can enhance their working capital owing to the tax benefits. Reduction in price pressure will also reinforce rural consumption which will lead to a healthy growth in local business.

The decision to cut the corporate tax rate will enable greater investments by MSMEs and hence more participation in job creation. It will ease the pressure on stressed accounts of businesses and will empower them with a larger pool of funds. Higher investible surplus could also enable them to recruit more employees and hence will create more jobs in the country. With these reforms in tax-structure, there seems to be a road map for gratification of SMEs' demands and easy financing for them.

RBI's relief for MSMEs

Reserve Bank of India decides to give a longer period to GST-registered Micro, Small and Medium Enterprises (MSMEs) before classifying their loans as non-performing assets, or bad loans. The central bank raised the repayment period before MSME loans are classified as bad loans from 90 days to 180 days. This relief would apply to GST-registered micro, small and medium enterprises which were standard accounts as on Aug. 31, 2017 and where the outstanding loan as on Jan. 31 didn't exceed Rs 25 crore.

Income tax exemptions for MSMEs

Presumptive taxation scheme under section 44AD of the Income Tax Act is available for small and medium enterprises i.e non corporate businesses with turnover or gross receipts not exceeding one crore rupees. At present about 33 lakh small business people avail of this benefit, which frees them from the burden of maintaining detailed books of account and getting audit done? I propose to increase the turnover limit under this scheme to Rupees two crores which will bring big relief to a large number of assesses in the MSME category.

Major policy initiatives of Government of India for Micro, Small & Medium Enterprises (MSMEs) Development

The MSME sector is considered to be the backbone of the Indian economy with almost two-thirds of the country's population being employed in this sector. By understanding the importance of the MSMEs to the GDP, the job market and in the fostering of the innovation and entrepreneurship; several initiatives have been taken up by the government of India towards the accelerated growth and development of the MSMEs.

Here are some of the major initiatives of the Government of India for MSME development

The Digital MSME Scheme

This scheme is revolving around Cloud Computing which is emerging as a cost effective and viable alternative in comparison to in-house IT infrastructure installed by MSMEs. In Cloud Computing, MSMEs use the internet to access common as well as tailor-made IT infrastructure including software for managing their business processes. Cloud Computing is free from the burden of investment on hardware/software and infrastructural facilities. This Scheme would encourage MSMEs towards this new approach i.e. Cloud Computing for ICT adoption.

MSME Delayed Payment Portal – MSME Samadhaan

This Portal will empower Micro and Small entrepreneurs across the country to directly register their cases relating to delayed payments by Central Ministries/Departments/CPSEs/State Governments. The Portal will give information about the pending payment of MSEs with individual CPSEs / Central Ministries, State Governments, etc. The CEOs of PSEs and the Secretary of the Ministries concerned will also be able to monitor the cases of delayed payment under their jurisdiction and issue necessary instructions to resolve the issues. The Portal will greatly facilitate the monitoring of the delayed payment in a more effective manner. The information on the Portal will be available in public domain, thus exerting moral pressure on the defaulting organizations. The MSEs will also be empowered to access the Portal and monitor their cases.

MOU signed between India and foreign countries for co-operation in the field of Small and Medium Enterprises and Innovation:

The MoU with foreign countries like UAE, Malaysia, etc would benefit Indian SMEs and lead to equitable and inclusive development. The exposure to best practices in SME sector abroad would provide an opportunity to Indian SMEs to improve upon them and innovate further. It would also provide to Indian SME sector an opportunity to have a mutually beneficial relation with SME sector of these countries and to explore their market.

Udyog Aadhaar memorandum:

UAM is a one-page registration form which constitutes a self-declaration format under which the MSME will self-certify its existence, bank account details, promoter/owner's Aadhaar details and other minimum information required. There shall be no fee for filing the Udyog Aadhaar Memorandum. On submission of the form, Udyog Aadhaar Acknowledgement shall be generated and mailed to the email address provided in the Udyog Aadhaar Memorandum which shall contain unique Udyog Aadhaar Number (UAN).

Existing enterprises, which have filed Entrepreneurship Memorandum-I or Entrepreneurship Memorandum-II or both, or the holders of Small Scale Industry registration, prior to the coming into force of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) shall not be required to file Udyog Aadhaar Memorandum, but if they so desire, they may also file the Udyog Aadhaar Memorandum. There is no restriction on filing more than one Udyog Aadhaar Memorandum using the same Aadhaar Number.

The Udyog Aadhaar Memorandum is filed on self-declaration basis, and no supporting document is required to be uploaded or submitted while filing the Udyog Aadhaar Memorandum, but the Central Government or the State Government or such person as may be authorized in this behalf may seek documentary proof of information provided in the Udyog Aadhaar Memorandum, wherever necessary. The benefit of registering in this scheme is ease in availing credit, loans, and subsidies from the government. Registration can be done both ways in the online mode or the offline mode.

Zero Defect Zero Effect:

ZED or Zero Defect, Zero Effect scheme is a new initiative launched by government. The scheme is for MSME (Micro, Small and Medium Enterprises) Sector to increase the quality of products matching global standards. The main objective of ZED (Zero Effect, Zero Defect) scheme is to reduce the bad effect of products on environment. While MSME sector plays a big role in the GDP of India, the scheme will help contribute to environment as well.

Under the scheme, MSME sector is urged to make products with “Zero Defect” and “Zero Effect” on the environment, thus improving the brand image of the country. The prime minister also asked the MSME sector to make products at par with global standards.

The ‘Zero defect, zero effect’ concept seems to be a theoretical concept but its relevance to Indian manufacturing and lowering the impact on environment cannot be overstated. Questions are raised on how development can be achieved without causing any effect on environment. Production and environment protection can, and should, co-exist. Simple steps like reduction of discharge can enhance the environmental sensitivity of our processes and can have far-reaching impact.

The scheme is an extensive drive to create proper awareness in MSMEs about ZED manufacturing and motivate them for assessment of their enterprise for ZED and support them. After ZED assessment, MSMEs can reduce wastages substantially, increase productivity, expand their market as IOPs, become vendors to CPSUs, have more IPRs, develop new products and processes etc.

There are 50 parameters for ZED rating and additional 25 parameters for ZED Defence rating under ZED Maturity Assessment Model. The MSMEs are provided financial assistance for the activities to be carried out for ZED certification i.e., Assessment / Rating, Additional rating for Defence angle, Gap Analysis, Handholding, Consultancy for improving the rating of MSMEs by Consultants and Re-Assessment / Re-Rating.

Quality Council of India (QCI) has been appointed as the National Monitoring & Implementing Unit (NMIU) for implementation of ZED. QCI has reported that 3217 MSMEs has been registered as on 25.07.2017 for ZED Certification.

In this model, goods that are manufactured for export have to adhere to a certain standard so that they are not rejected or sent back to India. To achieve this the government has launched this scheme. In this, if the goods are exported these are eligible for some rebates and concessions.

Quality Management Standards & Quality technology Tools:

The scheme is aimed at improving the quality of the products in the MSE sector and inculcates the quality consciousness in this sector. With the adoption of this scheme, MSEs will become more competitive and produce better quality products at competitive prices. The adoption of these tools will enable MSEs to achieve efficient use of resources, improvement in product quality, reduction in rejection and rework in the course of manufacturing, reduction in building up inventory at various stages etc.

The Cluster-based approach is adopted for economy of scale, better dissemination of QMS/QTT and for best results. However, individual units (preferably from specific products in groups) may also be considered under the Scheme. Micro & Small enterprises are being selected from the clusters under study or intervention by this Ministry and clusters identified by other Organization and Ministries also.

The objective of the scheme is to sensitize and encourage MSEs to adopt latest QMS and QTT and to keep a watch on sectoral developments by undertaking the stated activities. The scheme is being implemented for Micro & Small Enterprises to understand and adopt the latest Quality Management Standards (QMS) and Quality Technology Tools (QTTs), so as to become more competitive and produce better quality products at competitive prices. The adoption of these tools will enable MSEs to achieve: (i) Efficient use of resources. (ii) Improvement in product quality. (iii) Reduction in rejection and re-work in the course of manufacturing. (iv) Reduction in building up inventory at the various stages in the form of raw materials, work-in-progress, finished components, finished products, etc. This will also enable the MSEs to enter into or strengthen their position in the export market. The Competition Watch(C-watch) sub-component of this scheme will enable Indian MSE, to understand the latest foreign products that are penetrating in the Indian market. Registering in this scheme will help the micro, small and medium enterprises to understand and implement the quality standards that are required to be maintained along with the new technology. In this scheme, activities are conducted to sensitize the businesses about the new technology available through various seminars, campaigns, activities etc.

Grievance Monitoring System:

The ministry of MSME has introduced Internet Grievance Monitoring System. The new system has been launched to monitor all the complaints and suggestions .It makes the system of complaints / suggestions very transparent as it gives the date and time on which the complaint was received and date and time on which the complaint was resolved. Registering under this scheme is beneficial in terms of getting the complaints of the business owners addressed. In this, the business owners can check the status of their complaints, open them if they are not satisfied with the outcome.

Incubation:

The MSME Ministry has introduced the Incubator scheme with the objective of promoting

emerging technological and knowledge based innovative ventures that seek the nurturing of ideas from professionals. and support untapped creativity of individual innovators and also to assist Individual innovators to become technology based entrepreneurs. This scheme helps innovators with the implementation of their new design, ideas or products. Under this from 75% to 80% of the project cost can be financed by the government. This scheme promotes new ideas, designs, products etc.

Credit Linked Capital Subsidy Scheme:

Under this scheme, new technology is provided to the business owners to replace their old and obsolete technology. The capital subsidy is given to the business to upgrade and have better means to do their business. These small, micro and medium enterprises can directly approach the banks for these subsidies.

Surge of SME focused B2B e-commerce:

The occurrence of advanced technology in the SME market has made it easier for the SMEs to become far more accessible for their customers than before. With even the neighbourhood grocery store using the technological platforms, it seems to be a win win situation for all. The advent of advanced technology is opening newer channels for businesses across several sectors. This is particularly true for B2B ecommerce firms focused on the Indian SME sector. Hitherto overlooked, the presence of innovative technological platforms is bringing on board a rising number of small players including the neighbourhood kirana store.

Government initiatives, a major boost:

The Indian government very much understands that SMEs make the backbone of the Indian economy. On the other hand, it also understands the urgency of adapting to the latest technology and the pace at which it is happening in the SME sector. Hence, with digitization of India and implementation of GST bill, the SME sector shall see a major boost in the business. New schemes like Make in India, Skill India etc opened new chances to this sector. The Ministry of MSME is implementing a number of schemes to promote MSMEs namely (i) Credit Guarantee Fund Scheme for Micro and Small Enterprises to facilitate collateral free credit to new and existing micro and small enterprises (MSEs); (ii) Scheme for Raw Material Assistance implemented by National Small Industries Corporation Limited under the Ministry; (iii) National Manufacturing Competitiveness Programme (NMCP) and Credit Linked Capital Subsidy Scheme implemented to facilitate upgradation of technology, improve processes and design; (iv) Management Development Training Programmes (MDPs) for enhancing managerial skills; (v) Micro and Small Enterprises-Cluster Development Programme to facilitate infrastructure upgradation and setting up of Common Facility Centres; and (vi) Marketing Development Assistance Support to MSME; (vii) Ministry of MSME has introduced online MSME Data Bank on 29.07.2016 for creating comprehensive database of MSMEs and their products.

Impact of e-commerce:

E-commerce platform can help SMEs reach a pan India customer base. Thus, it facilitates easy expansion. A KPMG report states that SMEs that are already using e-commerce find it very cost

effective and efficient. It also claims that SMEs actively practicing eCommerce benefit from 51% higher revenues and 49% more profit. They also have a 7% broader consumer base than those who stay offline.

Amalgamation of e-commerce and m-commerce:

Digital transformation is no longer a fancy term vis a vis Indian SME courtesy faster penetration of Internet. When this is coupled with extensive usage of smart phones which are becoming more and more affordable, Indian SMEs are experiencing simultaneous adoption of web as well as mobile based technology. The Indian SME sector is likely to utilize a union of ecommerce and mcommerce as a perfect recipe for success .

Export contribution

Promote Export contribution by supporting and developing MSME segment to be globally competitive and adopt research and development, innovation and global technologies. Provide MSME with global market access by entering into bilateral trade agreements and set off arrangements.

Public procurement policy

Promote an ecosystem for supplies to defence and public sector enterprises so as to achieve at least 25 per cent portion of total procurement by defence and public sector enterprises from MSME

Special Privilege to women owned MSMEs

The women entrepreneurs are increasing with the government implementing several schemes to promote entrepreneurship among women . According to the data furnished by the Ministry, India has witnessed a rise in women participation but inter-state growth has been unbalanced. Schemes including the Prime Minister's Employment Generation Programme (PMEGP), Micro & Small Enterprises Cluster Development (MSE-CDP) and Scheme of Fund for Regeneration of Traditional Industries (SFURTI) are in place to achieve better trends among women entrepreneurs.

Women entrepreneurs make a significant contribution to the Indian economy. There are nearly three million micro, small, and medium enterprises with full or partial female ownership. Around 78 percent of women-owned businesses operate in the services sector. Although, their financing requirements are quite similar, data indicates that women entrepreneurs have lower access to finance from formal financing sources when compared with male entrepreneurs (demand-supply gap for women-owned enterprises is estimated at 86 percent compared with men-owned enterprises at 72 percent). One of the main reasons for this is the high proportion of women-owned enterprises in the services segment and the need for male family members.

The number of women entrepreneurs in India is increasing; so is the demand-supply gap for financing of women-owned enterprises. There is a growing opportunity for financial institutions to address the needs of this segment. While tapping this market requires financial institutions to make some contextual adaptations, there is a strong case that serving women entrepreneurs makes significant business sense.

The government of India encourages greater financial sector participation for women-owned MSMEs to address the significant finance gap in this sub-sector. The government has an ambitious

14-point action plan for public sector banks to increase women's access to bank finance, including MSME finance. It set a target of 5 percent aggregate public sector bank lending to women and instructed the central bank to track performances. Women homebuyers benefit from tax exemptions, lower stamp duties, and easier availability of home loans. This could help women who own MSMEs to get greater access to collateral and, in turn, access business finance.

Public sector banks also develop several schemes specially designed for extending financial assistance to women-owned MSMEs.

Conclusion :

India is expected to emerge as one of the leading economies in the world over the next decade in the light of a positive political and economic scenario. The Micro, Small & Medium Enterprises (MSME) segment is expected to play a significant role in the emergence of the Indian economy. The development of this segment is extremely critical to meet the national imperatives of financial inclusion and generation of significant levels of employment across urban, rural and rural areas across the country. Further, it can nurture and support development of new age entrepreneurs who have the potential to create globally competitive businesses from India. MSME can be the backbone for the existing and future high growth businesses with both domestic and foreign companies investing in the 'Make in India' initiative and make significant impact in the area of indigenisation. 'Make in India with zero defect and zero effect', is a significant opportunity. The new wave MSME should enable the development of a business eco system that enables and continuously support business that are gearing to deliver the right product, the right quality, the right solution and the right service at a competitive price, both in domestic and international markets. The 'Digital India' revolution also provides a great opportunity to promote MSME participation in the Information, Communication and Telecommunication (ICT) sector, in line with the government vision.

The SME sector has played a pivotal role to country's economic growth where it provides employment to around 120 million people and contributes around 46% of the overall exports from India. With advanced technology entering the SME sector, it has given a vast platform to the small and mid-sized businesses to function smoothly. The micro, small & medium enterprises (MSME) sector is the backbone of Indian economy as it contributes significantly to the Gross Value Added (GVA), manufacturing output, employment and exports. It is the second-largest sector for employment generation—after agriculture—in India, in terms of volume. Increasing the ease of doing business in the MSME sector will, therefore, help create more jobs. Having concomitant features like lack of access to social benefits, higher likelihood of tax evasion, feeding into the parallel economy. B2B e-commerce, food processing, pharma, and homeland security and defense are the areas to watch out for. The need of the hour is job creation and Budget 2018 has rightly focused on employment generation by giving priority to labour-intensive employment-generating sectors, including textiles, leather and MSMEs. In fact, MSMEs contribute around one-third of total value added and exports, but their performance has been affected by rupee appreciation, teething problems in GST and DeMo. All the above mentioned measures in this year's Budget will also help exports of MSMEs, particularly after the government announced incentives worth Rs 8,450 crore in

December 2017, to boost exports of goods and services, mainly from labour-intensive MSMEs. Some special labour-intensive sector-specific packages like Rs 10,000 crore for fisheries and Rs 1,290 crore for the bamboo sector will help MSMEs in these sectors.

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