



OPPORTUNITIES FOR MSMES IN 'AMRIT KAAL'

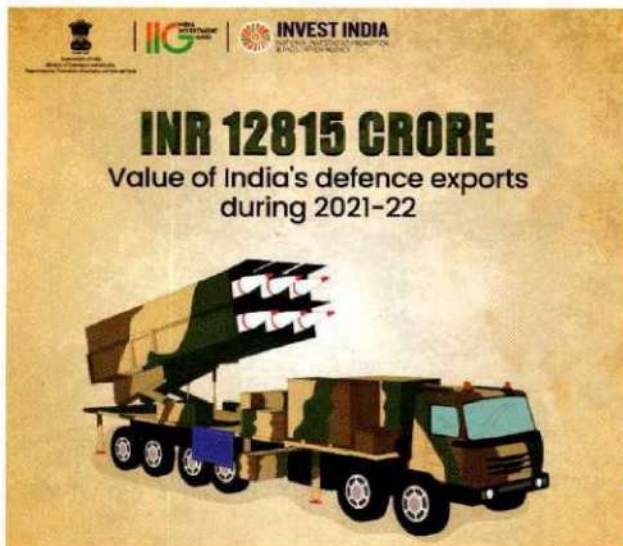
The Micro, Small, and Medium Enterprises (MSMEs) sector in India has been a significant contributor to the country's economic growth and job creation. In 2023 and beyond, which is also termed- Amrit Kaal, by the Prime Minister, the Indian MSMEs are likely to witness several opportunities. One of the biggest opportunities lies in the digital transformation of businesses. The pandemic has accelerated the adoption of digital technologies, and MSMEs can leverage this trend to reach new customers and markets.

DR FAIZ ASKARI

The author is Founder of SMESTreet, & Secretary General of SMESTreet Foundation. Email: faiz@smestreet.in

The Amrit Kaal, or post-Covid-19 era is expected to bring new opportunities for the MSMEs in India. With the government's focus on economic revival and growth, the MSMEs are expected to play a crucial role in driving growth and creating employment opportunities. Also, the MSMEs can leverage the Amrit Kaal by exploring new markets, embracing digital technologies, and supporting key sectors such as healthcare and renewable energy.

The Government has launched several schemes to support the MSMEs in exporting their products and services and to encourage them to adopt digital technologies. The infrastructure development initiatives, such as the National Infrastructure Pipeline (NIP) and the Atmanirbhar Bharat Abhiyan, also provide opportunities for the MSMEs to dispense goods and services so as to support infrastructure projects. In addition, the healthcare sector and the renewable energy industry are



expected to be key growth areas, and the MSMEs can explore opportunities in these sectors. Overall, the Amrit Kaal presents a significant opportunity for the MSMEs in India to grow and expand their businesses, thereby contributing to the country's economic growth.

Scope and Potential in Amrit Kaal

Indian MSMEs are expected to play a significant role in the Amrit Kaal by driving growth and creating employment opportunities. Some of the key opportunities for the MSMEs in India's Amrit Kaal are:

- 1. Digital Transformation:** The Covid-19 pandemic has accelerated the adoption of digital technologies across industries, and the MSMEs in India need to embrace this change to remain competitive. Also, the MSMEs can leverage digital technologies to improve their operations, reach new customers, and explore new markets.
- 2. Export Opportunities:** The Government of India has launched several schemes, such as the Export Promotion Capital Goods (EPCG) scheme and the Merchandise Exports from India Scheme (MEIS), to support the MSMEs in exporting their products and services. The MSMEs can leverage these schemes to explore new markets and increase their revenues.
- 3. Infrastructure Development:** The Government of India has announced several initiatives, such as the National Infrastructure Pipeline and the Atmanirbhar Bharat Abhiyan, to boost infrastructure development in the country.

The MSMEs can play a significant role in this by providing goods and services, to support infrastructure projects.

- 4. Healthcare Sector:** The Covid-19 pandemic has highlighted the importance of the healthcare sector, and the MSMEs in India can leverage this opportunity by providing goods and services to support the healthcare industry. The MSMEs can further explore opportunities in the areas such as medical devices, personal protective equipment (PPE), and healthcare IT solutions.
- 5. Green Energy:** The MSMEs can play a significant role in this sector by providing goods and services to support the renewable energy industry. MSMEs can explore opportunities in areas such as solar energy, wind energy, and energy storage solutions.

Another compelling opportunity, is the growing demand for sustainable products and services. With an increasing focus on environmental sustainability, the MSMEs that offer eco-friendly products and services can tap into a rapidly growing market. Similarly, there is a growing demand for products and services that cater to the needs of India's rapidly expanding middle class, providing opportunities for the MSMEs in areas such as healthcare, education, and entertainment. In addition, the government's push for 'Make in India' and self-reliance presents

The government has launched several schemes to support the MSMEs in exporting their products and services and to encourage them to adopt digital technologies. The infrastructure development initiatives, such as the National Infrastructure Pipeline (NIP) and the Atmanirbhar Bharat Abhiyan, also provide opportunities for the MSMEs to dispense goods and services so as to support infrastructure projects.

opportunities for the MSMEs in manufacturing and related sectors. There is a growing emphasis on local sourcing and manufacturing, which could provide a much-needed boost to the Indian MSMEs in the coming years.

Finally, the MSMEs can benefit from an increasing availability of funding and support from various sources such as banks, venture capitalists, and government schemes. With better access to capital and resources, the MSMEs can make investments in innovation and growth, thus expanding their reach and impact.

The Indian MSMEs have several opportunities in the Amrit Kaal, which is 2023 and beyond, including digital transformation, sustainable products and services, catering to the middle class, 'Make in India', and an increased access to funding and support. The MSMEs that can capitalise on these opportunities are likely to thrive in the coming years.

Role of MSMEs in Indian Economy

The MSMEs play a crucial role in the Indian economy. Also, this sector contributes significantly to the country's GDP, employment generation, and exports. They account for over 45% of India's total manufacturing output and employ around 110 million people.

Moreover, the MSMEs also contribute to the development of rural areas by providing employment opportunities and helping in the decentralisation of industries. They play a crucial role in the socio-economic development of the country, especially in the rural areas, by creating jobs and reducing poverty.

The MSMEs are also essential in promoting entrepreneurship and innovation in the economy. The sector provides opportunities for individuals to start their businesses and become self-reliant. Known for their agility and adaptability, these growth engines can thus respond to the changing market dynamics and consumer needs.

In addition, the MSMEs play a significant role in promoting exports and contributing to the country's balance of payments. The sector accounts for over 40% of India's total exports and is critical to promoting the country's trade relations with other countries.

The government has also recognised the importance of these vital companies in the

Entrepreneurship and Skill Development Programme (ESDP) Scheme

OBJECTIVE

- To promote new enterprises
- To inculcate entrepreneurial culture in the country
- To impart skill development training to prospective and existing entrepreneurs

The programme under the ESDP Scheme includes the following modules:

- One Day Entrepreneurship Awareness Programme (EAP)
- Six Weeks Entrepreneurship-cum-Skill Development Programme (E-SDP)
- One-Week Advance E-SDP
- One Week Management Development Programme (MDP)
- One Week Advance MDP

Scheme is applicable for Aspiring and Existing Entrepreneurs

How to apply:
Please contact nearby MSME-DFO & MSME Technology Centres

To know more about the scheme, visit:
<http://msmedi.dcmsme.gov.in>
Or Scan the QR Code for more information

economy and has launched several key initiatives to support their growth and development. These initiatives include schemes for funding, technology upgradation, skill development, and market access.

In conclusion, the MSMEs play a crucial role in the Indian economy by contributing to the GDP, employment generation, innovation, and exports. They are also essential in promoting entrepreneurship and promoting the socio-economic development of the country. The government's support for the sector is critical in ensuring its continued growth and development.

Government Initiatives for the Sector

The Government of India has been focusing on the development of the Micro, Small, and Medium Enterprises sector for a long time, recognising its crucial role in the country's economic growth and employment generation. The government is also providing the vital funding support, technology upgradation, skill development, market access, and regulatory support. These initiatives are crucial in ensuring the growth and development of the MSME sector, which plays a pivotal role in the country's economic growth and employment generation.

1. Funding Support: The Government has launched a number of schemes and programmes to provide financial assistance and funding support to the MSMEs. These include the Credit Guarantee Fund Trust for



Micro and Small Enterprises (CGTMSE), the Prime Minister's Employment Generation Programme (PMEGP), and the Micro and Small Enterprises Cluster Development Programme (MSE-CDP).

2. **Technology Upgradation:** The government has launched several initiatives to help the MSMEs upgrade their technology and adopt modern and efficient production processes. One such initiative is the Technology Upgradation Fund Scheme (TUFS), which provides funding support for technology upgradation and modernization of the MSMEs.
3. **Skill Development:** The government has launched various skill development programmes and initiatives to enhance the skills of the MSME workforce. The National Skill Development Corporation (NSDC) and the Skill India Mission are two initiatives aimed at providing training and skill development to the MSME workforce.
4. **Market Access:** The government has launched several initiatives to help MSMEs access markets and promote their products and services. The National Small Industries Corporation (NSIC), which assists MSMEs with marketing, and the Public Procurement Policy for Micro and Small Enterprises (MSEs), which provides a 25% reservation for MSEs in government procurement, are two examples.

5. **Regulatory Support:** The government has taken several measures to simplify regulatory compliance for the MSMEs. These include the Udyog Aadhaar registration process, which simplifies the registration process for the MSMEs, and the MSME Facilitation Council, which provides a platform for the MSMEs to resolve their grievances related to regulatory compliance.

Government's Flagship Schemes

The Government of India has launched several flagship schemes to boost the growth and development of the Micro, Small, and Medium Enterprises (MSMEs) sector. Some of the key schemes are:

1. **Prime Minister's Employment Generation Programme (PMEGP):** This is a credit-linked subsidy scheme that aims to promote self-employment and entrepreneurship by providing financial assistance to the startups and new enterprises in the MSME sector.
2. **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE):** This scheme provides collateral-free credit to the MSMEs up to a certain limit. Furthermore, the scheme aims to encourage banks and financial

With an increasing focus on environmental sustainability, the MSMEs that offer eco-friendly products and services can tap into a rapidly growing market. Similarly, there is a growing demand for products and services that cater to the needs of India's rapidly expanding middle class, providing opportunities for the MSMEs in areas such as healthcare, education, and entertainment.

institutions to provide lending to the MSMEs, thereby increasing their access to credit.

- 3. Micro and Small Enterprises Cluster Development Programme (MSE-CDP):** This scheme aims to promote the development of the MSME clusters by providing support for infrastructure development, technology upgradation, and market access.
- 4. Technology Upgradation Fund Scheme (TUFS):** This scheme provides financial assistance for the technology upgradation and modernization of the MSMEs in the textile and jute sectors.
- 5. Digital MSME Scheme:** This scheme aims to encourage the adoption of digital technologies by the MSMEs by providing support for the development of digital infrastructure, capacity building, and digital marketing.
- 6. National Manufacturing Competitiveness Programme (NMCP):** This scheme aims to enhance the competitiveness of the manufacturing sector, including the MSMEs, by providing support for the technology upgradation, quality certification, marketing assistance, and skill development.
- 7. National Skill Development Corporation (NSDC):** This scheme aims to provide skill development training to the MSME workforce so as to enhance their employability and productivity.



The MSMEs also contribute to the development of rural areas by providing employment opportunities and helping in the decentralisation of industries. They play a crucial role in the socio-economic development of the country, especially in the rural areas, by creating jobs and reducing poverty.

- 8. Public Procurement Policy for Micro and Small Enterprises (MSEs):** This policy mandates a 25% reservation for the MSEs in the government's procurement, thereby providing them with an access to a large market and increasing their competitiveness.

MSMEs and Defence Manufacturing

The defence manufacturing sector in India is a significant opportunity for Micro, Small, and Medium Enterprises (MSMEs) to grow and expand their businesses. The Government of India has been focusing on indigenization and self-reliance in the defence sector, and has launched several initiatives to promote the participation of MSMEs in defence manufacturing.

Some of the opportunities for MSMEs in defence manufacturing include:

- 1. Offset Policy:** Under the Offset Policy, foreign firms that win defence contracts in India, must invest a certain percentage of the contract value in India's defence manufacturing sector. This opens up significant opportunities for MSMEs to collaborate with foreign firms and participate in defence manufacturing.
- 2. Defence Procurement Procedure (DPP):** The DPP encourages the participation of the MSMEs in defence manufacturing by providing them with preference in procurement, setting aside certain categories of products for the



MSMEs, and relaxing the eligibility criteria for participation in tenders.

3. **Innovation for Defence Excellence (iDEX):** The iDEX initiative promotes innovation and indigenization in the defence manufacturing by providing funding support, mentorship, and incubation facilities to MSMEs and startups working in the defence sector.
4. **Defence Investor Cell (DIC):** The DIC is a dedicated cell under the Department of Defence Production that assists and supports the MSMEs interested in making investments in the defence manufacturing sector.
5. **Defence Industrial Corridors (DICs):** The Government of India has identified six regions across the country as DICs, which are aimed at promoting the development of defence manufacturing clusters. The MSMEs can take advantage of these clusters to access infrastructure, technology, and market linkages.

The defence manufacturing sector in India presents significant opportunities for the MSMEs to grow and expand their businesses. The Government of India has launched several initiatives to promote the participation of the MSMEs in defence manufacturing, and the MSMEs can leverage these initiatives to access funding support, mentorship, and market linkages. MSMEs can also collaborate with foreign companies and participate in defence manufacturing through the Offset Policy.

FDI Advantages for Indian MSMEs

Foreign Direct Investment (FDI) can provide several benefits to the Indian MSMEs including:

1. **Access to Capital:** FDI can provide the Indian MSMEs with an access to capital from the foreign investors, which can be used to fund their growth and expansion plans. This can help the MSMEs in overcoming the challenges of limited access to credit and high interest rates in the domestic market.
2. **Technology Transfer:** FDI can also provide Indian MSMEs with access to foreign technologies and processes, allowing them to improve the quality and efficiency of their products. This can help Indian MSMEs become more competitive in the domestic and international markets.
3. **Market Access:** FDI can provide Indian MSMEs with access to new markets and customers, both domestically and internationally. This can assist the Indian MSMEs in increasing their customer base and revenue.
4. **Management Expertise:** FDI can also bring in foreign management expertise and best practices, which can help the Indian MSMEs improve their operations and management practices. This can help the Indian MSMEs become more efficient and productive.
5. **Brand Building:** FDI can also help the Indian MSMEs build their brand image and reputation by associating with well-known foreign brands. This can help the Indian MSMEs increase their visibility and credibility in the domestic and international markets.
6. **Employment Generation:** FDI can also help the Indian MSMEs create new job opportunities, both directly and indirectly, by supporting their growth and expansion plans. This can help in addressing the country's unemployment problem.

FDI is providing several benefits to the Indian MSMEs, including access to capital, technology transfer, market access, management expertise, brand building, and employment generation. However, it is essential to ensure that FDI is regulated and monitored to ensure that it does not have any adverse impact on the domestic industry and economy.

Alternate Finance Opportunities

Among the most common challenges faced by the MSMEs, accessing finance from the traditional sources is regarded as one of the most significant challenges faced by them. However, there are several alternate finance opportunities available to these companies. These alternate finance opportunities are getting great push from the Government agencies and greater pull from the MSME sector itself. These alternate finance includes:

- 1. Non-Banking Financial Companies (NBFCs):** NBFCs offer loans, lines of credit, and factoring services to the MSMEs. NBFCs have more flexible lending criteria than banks and can make loans more quickly.
- 2. Peer-to-Peer (P2P) Lending:** P2P lending platforms connect MSME borrowers directly with individual lenders through an online platform. P2P lending platforms can offer lower interest rates and more flexible loan terms than traditional financing sources.
- 3. Trade Credit:** Trade credit is a form of financing where suppliers provide goods or services to these companies on credit. This can assist the MSMEs in better management of their cash flow and working capital management.
- 4. Angel Investors and Venture Capitalists:** Angel investors and venture capitalists provide funding to the MSMEs in exchange for equity in the company. They can also provide strategic advice and mentorship to the MSMEs to help them grow and expand their businesses.
- 5. Crowdfunding:** Crowdfunding platforms enable the micro and small enterprises to raise funds from a large number of individual investors through an online platform. This can help them raise capital quickly and efficiently.
- 6. Government Schemes:** The Government of India has launched several schemes, such as the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), to encourage banks and financial institutions to lend to MSMEs.

In conclusion, there are several alternate finance opportunities available to the Indian MSMEs, including NBFCs, P2P lending, trade credit, angel investors and venture capitalists, crowdfunding, and government schemes. These companies should explore these options to access finance and fund their growth and expansion plans. □

Civil Services



NCERT Concepts at Your Fingertips

No Worries,
No Regret
When You Got **NCERT Digest**



Seamless Integration of
OLD + NEW NCERT Books



For more details visit



<https://bit.ly/upsc-cse-syllabus>

Powered with FREE

VIDEO COURSE **30+ Hours**
Concept Videos

In each book designed for UPSC Aspirants

Read Quickly, Learn Easily & Revise like a PRO!

Join us for

FREE Content, Updates, Guidance & the Right Disha

DishaPublicationINC

Disha-pub

Disha_publication

Dishapublication

<https://bit.ly/latest-blogs>

YE-2204/2023