Abstract
Every country has a dream to build a strong industrial sector. A strong Industrial sector ensures inclusive and sustainable development of any nation. MSME sector give boost to production, exports and employment and reduce income inequalities. The role of these industries in local economic development and to minimise regional imbalances is indisputable today. For a country having huge population, like India, generation of employment for all is a challenge. Micro, Small and Medium sector plays a great role in such countries as it not only manufactures goods but also generates employment opportunities at a very lower capita cost. MSME sector in India gives employment to nearly 11 crore people and contributes to around 17 percentages to Gross Domestic Product. This sector produces many items which are used by big Industries. However, despite having a policy framework, MSMEs are facing many challenges like credit accessibility, lack of technology up gradation and skilled manpower, infrastructural problems in urban and semi urban areas, marketing & promotion facilities and low priced products produced by neighbouring countries like China. Fast change in technology has created opportunities as well as some challenges to MSME in India as the need to enhance their competencies to match the March.

I. INRODUCTION
In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two classes:
• **Manufacturing Enterprises** - The enterprises which are engaged in the manufacture or production of goods related to any industry specified in the first schedule to the industries (Development and regulation Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprise is defined in terms of investment in Plant & Machinery.

• **Service Enterprises** - The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

(In accordance with the provisions of MSME Development Act)

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<th>Table-1: Definition of MSMEs</th>
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<td><strong>Categories</strong></td>
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<td>Micro</td>
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<td>Small</td>
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2. OBJECTIVES OF THE STUDY

• To understand the definition of MSMEs on the bases of investment limits
• To understand the role and performance of MSMEs in Indian economy
To know about the government policies towards the MSMEs in India
To understand the problems of MSMEs in India

3. RESEARCH METHODOLOGY

Only secondary data is taken into consideration for purpose of the study. The relevant secondary data is collected from the publication of ‘Ministry of Micro, Small and Medium Enterprises’ Government of India, Journals, published by Reserve Bank of India and Handbook of Statistics on Indian Economy

4. NEED FOR EMPOWERING MSME SECTOR

- A major contributor to Gross Domestic Product and economic growth
- This sector plays a very important role in providing employment opportunities. Nearly, 90% of the industries belong to this sector and is employing 40% of India’s workforce.
- It complements large enterprises as ancillary units fulfil their demands.
- Contributes in inclusive development of the nation and provide solution to the problem of regional imbalances very effectively as it helps in industrialization of rural and backward areas thereby bringing the population under social inclusion net.
- As per the Report of the Working Group on Micro, Small and Medium Enterprises (MSMEs) Growth for 12th Five Year Plan (2012-2017) this sector accounts for 45 per cent of the manufacturing output and 40 per cent of total exports of our country. Also the labour to capital ratio in MSMEs and the overall growth in the sector is much higher than that in the large industries.

5. CHALLENGES

- Banks are required to lend 40% to ‘Priority Sector’. In the Priority sector, Agriculture sector is having a sub-target of 18%. There is no specific sub-target for MSMEs in the priority sector lending.
- Here promoters could be first generation entrepreneur, bankers insist on asset based collateral securities for lending, to minimize their risk. These young MSME promoters do not have assets to give out as collateral are for loans.
- India’s adoption of Base I II* norms – an international banking standard, has made lending to MSMEs more difficult as now RBI requires financial institutions to maintain ‘enough’ cash reserves to cover risks incurred by operations.
- Quality and technology up-gradation are two very important factors to enhance competitiveness in MSMEs. Without upgraded technology its very difficult to compete in global market.
- Getting sufficient funds is a big challenge for these MSMEs. Funding agencies are doubtful about the viability of these units. Government has taken various initiatives to address funding issues like Credit Guarantee Fund Scheme in which a loan upto rupees two crores is granted. Cluster development programmes by the Government have tried...
to resolve these issues by providing Common Facility Centres which help in accessing latest technology, tools and designs etc.

- These enterprises run with very minimum or basic infrastructure. In absence of proper infrastructure, they find hurdles at every step. Cluster development programmes by the Government have tried to resolve these issues by providing Common Facility Centres which help in accessing latest technology, tools and designs etc.

- Obstacles IN MARKET access

- Availability of skilled manpower to provide skilled manpower to this sector

- Government has started many programs and schemes like Entrepreneurship Development Programs and Vocational Training Programme.

- Threat from neighbouring countries like China, Thailand, Indonesia and Philippines

- To become a trusted supplier, enterprises need to adopt best practices and follow international standards. For this technological advancement is needed. The Ministry of MSME has allocated 2200 crore with funding support from World Bank to upgrade the existing sectors and establish new Technology centres. These centres will provide state of art manufacturing technologies, skilled manpower and other support to entrepreneurs.

- Technologies becoming so disruptive these days that by the time a new technology is adapted it becomes obsolete.

6. MEAURES TAKEN BY GOVERNMENT OF INDIA

Government of India has taken several measures for the promotion and development of Micro, Small and Medium Enterprises as it recognizes the growth and potential that lies in this sector.

- **Credit Guarantee Scheme** Ministry of Micro, Small and Medium Enterprises and Small Industries Development Bank of India (SIDBI) have jointly established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement Credit Guarantee Scheme for Micro and Small Enterprises. The corpus of CGTMSE is contributed by Government of India and SIDBI. This Trust Fund will guarantee 75% of the loan amount to the bank

- **Make in India** the most visible campaign of government of India if translated into action will definitely benefit this sector. Under Make in India initiatives are taken to attract large foreign and domestic investments. These large enterprises also need MSME, s to provide ancillary services.

- **MUDRA**

- **Revamped Scheme of Fund for Regeneration of Traditional Industries (SFURTI)** The main objective of this scheme is to organize the traditional artisans and industries into clusters so that they become competitive and generate sustainable employment. This scheme also aims at equipping the artisans with the improved skills and capabilities by providing training and exposure visits to
enhance the marketability of products produced by such clusters by providing packaging, designing and marketing support for new products and to strengthen the cluster governance systems.

- **Prime Minister’s Employment Guarantee Programme (PMEGP)** it is a flagship scheme of the ministry where every year Micro Enterprises are set up to create employment opportunities across the country. This schemes offers credit linked subsidy to establish to set up new enterprises in rural and urban areas of the country.

- **Khadi and Village Industries**
  Khadi and Village Industries are two important National Heritage sectors of India. Ministry of Micro, Small and Medium Enterprises has lots of schemes for the Khadi and Village industry. This sector also provides gainful employment especially to the youth and women of women sector.

- **Coir Vikas Yojana (CVY)**
  Under CVY Scheme a wide range of activities are taken up like overall skill development of artisans, welfare of artisans, Mahila Coir Yojana, technology upgradation, research and development. It also helps in promoting and marketing of coir products in the domestic as well as export market.

- **A Scheme for Promoting Innovation and Rural Entrepreneurship (ASPIRE)**
  This scheme was launched by the Ministry of MSME on 2015. ASPIRE was formulated to set up a network of technology and incubation centres to facilitate innovation and promote entrepreneurship and start-ups in rural and agro-industries. Under ASPIRE it is planned to set up Technology Business Incubators(TBI), Livelihood Business Incubators(LBI) and creation of a Fund of Funds for such initiatives with SIDBI.

- **Stand up India this** initiative focuses upon promoting entrepreneurship among SC/ST and Women Entrepreneurship. It also addresses the problem of social exclusion. Stand-Up India scheme has been launched by our Prime Minister sh. Narendra Modi on April 05, 2016. The Scheme intends to facilitate bank loans between Rs 10 lakh to Rs 100 lakh to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one Woman borrower per bank branch of all scheduled commercial banks for setting up a green-field enterprise. This enterprise can be in manufacturing, services or the trading sector. I The Stand-Up India scheme recognise the challenge faced by SC, ST and women in the society.

- **Scheme for the Development and Promotion of Women Entrepreneurs** – Trade Related Entrepreneurship Assistance and Development Scheme – Tread It is a scheme for development and promotion of women entrepreneurship. It is a step for empowering women as they have been among the most oppressed and disadvantage section of the society. In this scheme loans are provided to start any kind of non-farm activity for self-employment. It encourages women in setting up their own ventures by providing credit, training and counselling and other needs.
The government will grant up to 30 percent of the total project cost as provided by lending institutions. The institutions will provide the other 70 percent.

**Marketing assistance scheme (MAS)**

At the present time marketing is one of the very crucial areas where MSMEs are lagging behind. The importance of marketing as a strategic tool for growth and survival of any business tool can’t be denied. Marketing needs lots of resources which not available to the small businesses. So, National Small Industries Corporation (NSIC), a Public Sector Enterprise of the MSME Ministry helps MSMEs provide marketing support to get exposure and reap the benefits of new business opportunities arising in the emerging and developing markets. It provides a platform to MSMEs where they meet, discuss, and conclude agreements of business collaborations. Further it aims at providing opportunities to MSMEs to participate in domestic and international exhibitions / trade fairs, buyer-seller meets, campaigns/seminars etc. Ministry of MSME has addressed the quality and technology aspects of manufacturing in MSMEs through various schemes and programmes for enhancing the competitiveness of small businesses.

Government is also providing Financial support to MSMEs in ZERO DEFECT and ZERO EFFECT (ZED) Certification. Ministry of MSME has inaugurated two schemes namely, National Schedule Caste and Schedule Tribe Hub and Zed. Under ZED Certification efforts are made to create proper awareness in MSMEs about ZED manufacturing and motivating them for assessment of their enterprise for ZED. ZED assessment helps MSMEs to reduce wastages substantially and increase productivity. Furthermore, it helps them to expand their market as IOPs, become vendors to CPSUs and other big projects, have more IPRs, develop new products etc.

To provide infrastructural support government has adopted Cluster Development approach. It aims at creation of tangible assists like common facility centres, making easy access to latest tools, design, technologies, testing etc.

- Credit Linked Capital Subsidy Scheme (CLCSS) provides for upgradation of technology
- UAM the Udyog Aadhar Memorandum – The Micro, Small and Medium Enterprises need to register MSME to enjoy the advantage of different Government schemes for the industry. Most of the enterprises were SIMPLY NOT REGISTERED due to cumbersome paperwork involved in registration process. Therefore, such MSME were out of the net of government schemes. The UAM is a one-page registration form which requires self certification only. So UAM can be seen a step towards ease of doing business and shall help in improving India’s International ranking in Ease of Doing Business Index. A good response was received with this simplified Aadhar based registration system so far.
- Apart from these schemes Government has also made a Public Procurement Policy for MSEs. Under the policy 20 per cent of the total procurement of any Government Ministry/Department Public Sector Enterprises is to be procured from the Micro and Small Enterprises, compulsorily after a period of 3 years. Again a
separate target is announced in the policy where the 4 per cent of the total procurement should be from the Enterprises owned by persons from Scheduled Castes and Scheduled Tribes.

- Government measures are also underway to increase the overall contribution of this sector in GDP to 25% and to create 100 million more employments by 2022.
- There are financial inclusion programmes launched by the Government like Pradhan Mantri Jan Dhan Yojana (PMJDY) where banks reached out to the rural and informal sector like never before and promoted social inclusion also.
- SME exchange, a dedicated trading platform for small and medium enterprises. Such exchanges function under recognized stock exchange like BSE and NSE.
- The most critical reform is enactment of Indian Bankruptcy and Insolvency Code, 2016.

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7. SUGGESTIONS

- More financing and lending players needed so that these enterprises become financially secure.
- Devising innovative programmes and schemes to strengthen this sector
- However apart from administration focus should be on some functional areas like identification of business ideas and opportunities, project analysis, support services, documentation and advisory services. There is also a need to properly follow up the projects and guiding them at each step.
- Focus should be there on promotional activities. local bodies should be providing with resources to carry out promotional programmes.
- There has to be clarity of roles and functions at every tier of the government, from local to centre so that any policy or program can implemented with a clear perspective.

8. CONCLUSION

The MSME sector has emerged as a most dynamic and fruitful sector of Indian economy over the last decades. It contributes enormously to the socio economic development of the country. If friendly ecosystem is provided it will unleash the potential Government will have to play a catalytic role in helping these enterprises at each step so that they can tap the emerging benefits of the new national and global economies.

If India has to achieve growth rate of 8-10% for the next decade, it requires a strong and vibrant MSME sector who can withstand global challenges. Entrepreneurs need to develop quality conscious mindsets embedded in the organisational culture.
9. REFERENCES
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PAPER CITATION