



MSMEs AND INCLUSIVE GROWTH IN INDIA: EVALUATING GOVERNMENT SCHEMES AND DEVELOPMENTAL PROGRAMS

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ABSTRACT

The Micro, Small, and Medium Enterprises (MSME) is a catalyst in shaping India's economic scenario by promoting entrepreneurship, generating employment, and ensuring inclusive and sustainable growth. Defined by investment and turnover criteria, MSMEs serve as a bridge between large industries and local economies, driving innovation and equitable industrial development. The study examines the contributions of MSMEs to the Indian economy with a special focus on the various government schemes and programs aimed at strengthening this sector. The paper explores five major schemes—Credit and Financial Assistance, Skill Development and Training, Infrastructure Development, Marketing Support, and Technology Upgradation and Competitiveness. Flagship initiatives such as PM Vishwakarma, PMEGP, RAMP, ASPIRE, SFURTI, PMS, ZED, and the MSME Champions Scheme collectively demonstrate the government's commitment to empowering enterprises through finance, technology, and market integration. Despite significant benefits like employment generation and a lower capital-output ratio, MSMEs face persistent challenges in credit access, infrastructure, regulatory compliance, and technological obsolescence. The study highlights that sustained policy support, digital integration, and targeted training interventions are essential to unlocking the full potential of MSMEs as engines of equitable and resilient economic growth.

KEY WORDS: Skill Development, Technological Upgradation; Inclusive Growth; Sustainable Development, Infrastructure Development

INTRODUCTION

The term MSME it is the shortform of Micro Small and Medium Enterprise is defined on the criterion of the amount spend on various plants in the form of investment and its turnover. The original categorization had happened in union budget 2025 especially in 1st April 2025. On the basis of that the following categorizations were made like Micro, Small and Medium enterprise. Their initiatives cover a lot of critical areas include Credit and Financial Assistance, Skill Development Training, Infrastructure Development, Marketing Assistance, Technological upgradation along with Quality upgradations and other services. These are primarily oriented to enhance innovation, competitiveness and finally sustainable growth.

Micro Enterprise is identified and evaluated on some criteria basis, which includes, investment and turnover; The investment must not exceed 2.5 crore and the turnover especially the annual turnover must not exceed 10 crores. A Small enterprise is the one in which the investment must not exceed 2.5 crores, which means a maximum of 2.5 crores are permitted, and its annual profit is by a maximum of 100 crores of rupees.

A Medium enterprise is the one whose investment has a maximum of 125 crores and an annual turnover has a maximum limit of 500 crores.

Initially such categorisation was done on the basis of investment criteria only, but later especially after 2018 the annual turnover also considered while making a description regarding Micro, Small and Medium enterprises.

The aims and objectives of MSME are;

- To boost the economic development through industrial development.
- To Generate Employment opportunities especially for the semi-skilled and unskilled labor force.
- To Support the large industries.
- To Promote Entrepreneurship.
- To support Inclusive growth by serving both in domestic and international market by a wide variety of commodities and services.



Benefits and Challenges Faced by MSME

Benefits

- MSME have a lower Capital Output ratio.
- They have produced thousands of commodities.
- It created a lot of job opportunities both in urban and in rural area.

Challenges

- They have lower accessibility to credit, which means ill afford to get enough loans from the official sources.
- They were equipped with poor infrastructure facilities in the form of poor transportation, inefficient electricity supply...etc.
- They were struggled with complicated rules and regulations in the form of tax, labour laws...etc.
- Technological gap, implies using outdated technology.
- Covid related issues in the form of shutting down their operations for a temporary period of time, supply chain disruptions, labour shortages and poor demand.

Schemes of MSME Ministry: The following are the major schemes coming under MSME Schemes.

Credit and Financial Assistance: Since credit is very important for the future growth of any endeavors including MSME, Government has introduced a lot of schemes to provide supports to MSME. It includes PM Vishwakarma Scheme, Prime Minister's Employment Generation Programme (PMEGP), Raising and Accelerating MSME Performance (RAMP) Scheme, Credit Guarantee Fund Trust for MSEs (CGTMSE)- Provision of Collateral Free Credit for MSME.

Skill Development and Training: A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE), Entrepreneurship and Skill Development Programmes (ESDP),

Infrastructure Development: Scheme of Fund for Regeneration of Traditional Industries (SFURTI), Micro and Small enterprises Cluster Development Programme (MSECDP).

Marketing Assistance: Procurement and Marketing Support (PMS) Scheme,

Technology Upgradation and Competitiveness: MSME Champions Scheme, MSME Sustainable (ZED) Certification Scheme, MSME- Innovative (for Incubation, IPR, Design and Digital MSME) Scheme, MSME- Competitive (Lean), National Scheduled Caste and Scheduled Tribe Hub (NSSH).

The detailed explanation regarding each of the scheme is the following.

Credit Schemes: It includes Prime Minister Vishwakarma Scheme, Prime Minister's Employment Generation Programme, Raising and Accelerating MSME Performance (RAMP) Scheme and Credit Guarantee Fund Trust for MSEs (CGTMSE).

PM Vishwakarma Scheme: This is a scheme initiated by the government to provide ample supports to various categories of people include artisans, crafts people. It also provides skill upgrading financial support and market accessibility. It provides a collateral free loan up to rupees 15000 and perks for digital transactions aimed to blacksmithing, pottery and carpentry. of up to ₹15,000, and incentives for digital transactions to support those in trades like blacksmithing, pottery, and carpentry. The scheme aims to empower traditional artisans and integrate them into the home nation and for world as a whole.

Prime Minister's Employment Generation Programme (PMEGP): It's a credit connected financial assistance scheme to enhance the introduction of micro-enterprise in India. It is administered and controlled by MSME. This scheme is a merging of two previous schemes namely PMRY and REGP. The aim is to create job opportunities by providing financial assistance for new ventures with different project cost limits and subsidy percentages depending on sector and beneficiary category.

Raising and Accelerating MSME Performance (RAMP) Scheme: This scheme is coming into force with the assistance of World Bank, and the prime concern of this program is to improve the performance of MSME through technology, Market accessibility and finance. It is launched in the year 2022, focused on institutional strengthening, market accessibility and showing the issues like delayed payments.



Credit Guarantee Fund Trust for MSEs (CGTMSE)- This is aimed to provide financial assistance without any documents or guarantees for MSME: This primarily stands for collateral free loan provision. It jointly collaborated by MSME and SIDBI. The aim of this program is to enhance the flow of credit to various sectors and ensuring its proper reimbursement.

Skill Development and Training: It includes A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) and Entrepreneurship and Skill Development Programmes (ESDP).

A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE): A Scheme for the Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE) help create a network of technology centres and incubation centres to boost entrepreneurship. It also supports startups focused on innovation in agro-industry. ASPIRE offers financial support to establish Livelihood Business Incubators (LBI) or Technology Business Incubators (TBI)

Entrepreneurship and Skill Development Programmes (ESDP): It is a continuing scheme from the Office of the Development Commissioner for MSMEs in the Ministry of MSME. The programme aims to encourage youth, both men and women, from various backgrounds including SC/ST women, people with disabilities, ex-servicemen, and those from below the poverty line to think about self-employment or starting their own businesses as career options. The main goal is to support new ventures, improve the capacity of existing MSMEs, and increase the entrepreneurial spirit in the country. These guidelines for the current ESDP scheme were approved on March 25, 2022.

Infrastructure Development: It includes Scheme of Fund for Regeneration of Traditional Industries (SFURTI), Micro and Small enterprises Cluster Development Programme (MSECDP).

Scheme of Fund for Regeneration of Traditional Industries (SFURTI): This scheme aimed to organize traditional industries and artisans into groups to equip them competitive and make them to be sustainable. It also enhances the sustainable employment, marketability of the products, and make the artisans to be efficient in their skills. It makes them aware and used to with improved tools and equipment, and ensure their participation in governance.

Micro and Small enterprises Cluster Development Programme (MSECDP): This is a program aimed to boost the growth and competitiveness of MSME via cluster-based approach. It is growing by providing grants for creating or upgrading common facilities like shared infrastructures and Common Facility Centers for testing, training, and effluent treatment. This program addresses common issues like technological obsolescence, quality degradation, and market non accessibility for the enterprises within the cluster.

Marketing Assistance: It covers only Procurement and Marketing Support (PMS) Scheme

Procurement and Marketing Support (PMS) Scheme: It is a government initiative for MSME, for increasing their market accessibility and competitiveness. It helps in the form of providing financial assistance to participate in trade fairs, exhibitions and online market places along with prime marketing activities like the policies, strategies and public procurement procedure.

Technology Upgradation and Competitiveness: It includes MSME Champions Scheme, MSME Sustainable (ZED) Certification Scheme, MSME- Innovative (for Incubation, IPR, Design and Digital MSME) Scheme and National Scheduled Caste and Scheduled Tribe Hub (NSSH)

MSME Champions Scheme: It's a scheme to boost the competitiveness and growth of MSME via technology, upgradation in processing and market accessibility. It also includes technology driven CHAMPIONS portal for addressing the complaints and its redressals, it's a noble approach to synthesize various schemes into a modernized one to reduce wastages, enhance innovation, intellectual property rights and digital empowerment.

MSME Sustainable (ZED) Certification Scheme: It is Launched by the Ministry of Micro, Small & Medium Enterprises, it is Certification Scheme; an extensive drive to create awareness amongst MSMEs about Zero Defect Zero Effect (ZED) practices and motivate and incentivize them for ZED Certification while also encouraging them to become MSME Champions.

MSME- Innovative (for Incubation, IPR, Design and Digital MSME) Scheme: It is launched in the year 2022 on March 10 which combines three previous schemes include Incubation, Design and Intellectual Property Rights



to adopt innovation in MSMEs. It provides financial assistance and support for innovative ideas, improving the quality of products via design and protecting them by inserting IPR clause. It is operating through a portal and helped to transform ideas into proper business channel and become more efficient.

National Scheduled Caste and Scheduled Tribe Hub (NSSH): It is a n initiative MSME implemented with the help of government through National Small Industries Corporation. Their ultimate aim is to promote entrepreneurial talents among SC/ST communities. It is launched in the year 2016. It aimed to achieve 4% public procurement target for SC/ST run businesses by supporting in the form of capacity building, mentoring and market linkages.

CONCLUSION

The MSME is vital as far as the Indian economy is concerned, because it is contributing much more towards to the GDP growth, exports, and employment generation. Through various schemes and initiatives, the Government of India has provided comprehensive support for credit facilitation, entrepreneurial development, infrastructure strengthening, marketing assistance, and technological modernization. These programs—ranging from PMEGP and RAMP to ZED and NSSH—reflect a noble policy approach aimed to enhance productivity, competitiveness, and inclusiveness across all levels of enterprise. However, persistent structural challenges such as inadequate access to finance, outdated technology, and complex regulatory frameworks continue to reduce the sector's performance. Therefore, the effective implementation, improved financial literacy, and digital transformation are crucial for realizing the MSME sector's full potential. Strengthening MSMEs is not merely an economic necessity but a strategic imperative for achieving balanced regional development, social equity, and sustainable growth in the post-pandemic Indian economy.

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