



## Udyami Bharat-MSME Day 2023

**For Prelims:** [Micro, Small, and Medium Enterprises](#), [International MSME Day](#), 'CHAMPIONS 2.0 Portal', [Udyam Portal](#)

**For Mains:** Significance of the MSME sector for India's economic growth, Role of digitalization and technology adoption in MSMEs, Role of MSMEs in rural development

### Why in News?

On the occasion of [International MSME Day, 2023](#), the Ministry of [Micro, Small & Medium Enterprises \(MSME\)](#) organized the '**Udyami Bharat-MSME Day**' event, aimed at celebrating and promoting the growth and development of MSMEs.

- The event witnessed the launch of several initiatives by, the Union Minister for MSME, including the '**CHAMPIONS 2.0 Portal**,' '**Mobile App for Geo-tagging of Cluster Projects and Technology Centers**,' and the announcement of '**MSME Idea Hackathon 3.0**' for women entrepreneurs.

### What is International MSME Day?

- **About:**
  - International MSME Day is observed on **27<sup>th</sup> June annually** to recognize the **significance of MSMEs** and their contribution to the economy.
  - MSMEs are recognized as the backbone of the country's economy.
- **Theme of MSME Day 2023:**
  - In India, the theme for MSME Day 2023 is "**Future-ready MSMEs for India@100.**"
  - The Global Council for the Promotion of International Trade celebrates with the theme "**Building a Stronger Future Together**" and launches the **#Brand10000MSMEs Network**.
    - **Global Council for the Promotion of International Trade** is an organisation based out of India, South Africa, USA, UAE, EU and the United Kingdom with board & council member representation across the world.
- **History and Significance:**
  - In April 2017, the [United Nations](#) designated 27<sup>th</sup> June as Micro, Small, and Medium-sized Enterprises Day.
  - The day aims to enhance national capacities for unleashing the full potential of MSMEs in achieving [Sustainable Development Goals](#).

### What are the Key Highlights of the Event?

- **Initiatives Launched:**
  - **CHAMPIONS 2.0 Portal:**
    - The Ministry introduced the 'CHAMPIONS 2.0 Portal' aimed at **supporting and promoting MSMEs**.

- This platform will provide various services such as **mentoring, capacity building, access to markets, and grievance redressal** to MSMEs.
- **Mobile App for Geo-tagging of Cluster Projects and Technology Centers:**
  - To enhance **efficiency and track the progress of cluster projects** and technology centers, the Ministry launched a mobile app for geo-tagging.
  - This app will facilitate **effective monitoring, evaluation, and reporting** of ongoing projects.
- **MSME Idea Hackathon 3.0 for Women Entrepreneurs:**
  - Building on the success of the previous idea hackathon, the Ministry launched the 'MSME Idea Hackathon 3.0' specifically focused on women entrepreneurs.
  - This initiative aims to **foster innovation, encourage entrepreneurial ideas**, and provide a **platform for women to showcase their talent** and contribute to the MSME sector.
- **Memorandums of Understanding (MoUs) Signed:**
  - **Ministry of MSME and [Small Industries Development Bank of India\(SIDBI\)](#):**
    - To create a portal for '**PM Vishwakarma KAushal Samman**' (**PMVIKAS**) by SIDBI.
    - To identify the **local traditional artisans and craftsmen** who were not a part of any targeted interventions so far.
  - **Ministry of MSME and GeM:**
    - To share **Udyam Registration data with [Government e-Marketplace\(GeM\)](#)** for last mile registration of MSMEs in the Public Procurement eco-system.
  - **Ministry of MSME and the Industry Department, Government of Tripura:**
    - To share Udyam Registration data through API, easing policy making and targeted distribution of scheme benefits.
  - **Ministry of MSME and [Credit Guarantee Fund Trust for Micro and Small Enterprises \(CGTMSE\)](#):**
    - To provide guarantee coverage to the beneficiaries of the MSME sector.
  - **National Small Industries Corporation (NSIC) and National Scheduled Castes Finance and Development Corporation (NSFDC) & National Scheduled Tribes Finance and Development Corporation (NSTFDC):**
    - To promote mutual collaboration for **supporting SC/ ST entrepreneurs under National SC-ST Hub** and various schemes.

## What is MSME?

- **About:**
  - MSMEs form the backbone of the Indian economy, contributing significantly to employment generation, **industrial production, and overall economic growth**. These enterprises are engaged in the production, manufacturing, processing, or preservation of goods and commodities.
- **Classification of MSMEs:**
  - MSMEs in India are classified based on their **investment in plant and machinery or equipment**, along with their **annual turnover**. The current classification is as follows:
    - **Micro Enterprises:** Investment up to Rs. 1 crore and turnover up to Rs. 5 crores.
    - **Small Enterprises:** Investment between Rs. 1 crore and Rs. 10 crores, and turnover between Rs. 5 crore and Rs. 50 crores.
    - **Medium Enterprises:** Investment between Rs. 10 crores and Rs. 50 crores, and turnover between Rs. 50 crore and Rs. 250 crores.

## What is the Significance of MSME Sector?

- **Global:**
  - According to the [United Nations](#) data, MSMEs account for **up to 90% of businesses, over 60% to 70% of jobs worldwide**, and half of global GDP.
- **India:**

- **Boon for Rural Development:** Compared with large-scale companies, **MSMEs aided in the industrialisation of rural areas at minimal capital cost.** The sector has made significant contributions to the country's **rural socio-economic growth and complemented major industries as well.**
- **Employment:** MSMEs employ over 110 million people across approximately 63 million enterprises.
- **Front Runner in Make in India Mission:** India aims that the **products that are 'Make in India' also 'Made for the World,'** adhering to global standards of quality. **MSME is acquiring the center stage in the mission.** It is taken as a backbone in making this dream a possibility.
  - They produce **45% of India's manufactured goods,** and also contribute to over **50% of total exports,** and manufacture over 8,000 products with added value, spanning from traditional to advanced tech items.
- **Simple Management Structure for Enterprises:** Considering India's middle-class economy, MSME offers a flexibility that it **can start with limited resources within the control of the owner.** From this decision making gets easy and efficient.
  - On the contrary, a large corporation requires a specialist for every departmental functioning as it has a complex organizational structure.
- **Economic Growth and Leverage Exports:** It is the most significant driver in India contributing approximately 30% to **Gross Domestic Product (GDP).**

## What are the Recent Government Initiatives Related to MSMEs?

- [Raising and Accelerating MSME Performance \(RAMP\) Scheme](#)
- [Credit Guarantee Trust Fund for Micro & Small Enterprises \(CGTMSE\)](#)
- [Interest Subsidy Eligibility Certificate \(ISEC\)](#)
- [A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship \(ASPIRE\)](#)
- [Credit Linked Capital Subsidy for Technology Upgradation \(CLCSS\)](#)
- [Zero Defect & Zero Effect \(ZED\)](#)

## What are the Challenges Faced by MSMEs?

- Limited **access to formal finance and credit facilities.**
- Lack of **technological advancements** and limited digital infrastructure.
- Difficulty in complying with **complex regulatory and bureaucratic processes.**
- Limited **market access** and competition from large-scale enterprises.
- **Skilled labor shortage** and challenges in talent acquisition.
- **Vulnerability to economic downturns** and market fluctuations.
- Lack of **awareness about government schemes** and support programs.

## Way Forward

- Strengthening financial inclusion and **improving access to formal credit for MSMEs.**
- Promoting digitalization and providing technical support for technology adoption.
- **Simplifying regulatory processes** and reducing bureaucratic hurdles.
- Facilitating market linkages and **promoting e-commerce platforms.**
- Enhancing **skill development initiatives** and promoting **entrepreneurship education.**
- Investing in infrastructure development and improving connectivity.
- Developing **risk mitigation strategies** and promoting **diversification of products** and markets.
- Conducting awareness campaigns and providing guidance about government schemes and support programs.

## UPSC Civil Services Examination, Previous Year Question:(PYQ)

### ***Prelims:***

**Q.1 What is/are the recent policy initiative(s) of Government of India to promote the growth of**

**the manufacturing sector? (2012)**

1. Setting up of National Investment and Manufacturing Zones
2. Providing the benefit of 'single window clearance'
3. Establishing the Technology Acquisition and Development Fund

**Select the correct answer using the codes given below:**

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

**Ans: (d)**

**Q.2. Which of the following can aid in furthering the Government's objective of inclusive growth? (2011)**

1. Promoting Self-Help Groups
2. Promoting Micro, Small and Medium Enterprises
3. Implementing the Right to Education Act

**Select the correct answer using the codes given below:**

- (a) 1 only
- (b) 1 and 2 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

**Ans: (d)**

**Q3. Consider the following statements with reference to India : (2023)**

1. According to the 'Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the 'medium enterprises' are those with investments in plant and machinery between `15 crore and `25 crore.
2. All bank loans to the Micro, Small and Medium Enterprises qualify under the priority sector.

**Which of the statements given above is/are correct?**

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

**Ans: (b)**

**Source: PIB**