



## International MSMEs Day

**For Prelims:** MSME, MSME Day and Significance, Efforts to Promote MSMEs

**For Mains:** Significance of MSME for Indian Economy

### Why in News?

**International MSME Day** is observed every year on 27<sup>th</sup> June all over the world **to highlight the significance of MSMEs and how they play a crucial role in being the backbone of the country's economy.**

- Earlier, Ministry for Micro, Small and Medium Enterprises has launched the **MSME (Micro, Small and Medium Enterprises) Sustainable (ZED-Zero Defect Zero Effect) Certification Scheme.**

### What are the Key Points?

- **History:**
  - The **United Nations (UN)** designated 27<sup>th</sup> June as Micro, Small and Medium-sized Enterprises Day through a resolution passed in the UN General Assembly in April 2017.
  - In May 2017, a program titled 'Enhancing National Capacities for Unleashing Full Potentials of MSMEs in Achieving the **Sustainable Development Goals (SDGs)** in Developing Countries' was launched.
  - It has been funded by the **2030 Agenda for Sustainable Development** Sub-Fund of the United Nations Peace and Development Fund.
- **Theme for 2022:**
  - **Resilience and Rebuilding: MSMEs for Sustainable Development.**
    - The theme mainly highlights that for the socio-economic development of a country **Micro-Small and Medium-Sized Enterprises is a necessary component.**
- **Objectives:**
  - World MSME Day 2022 recognizes the potential of MSMEs and their role in strengthening the economies globally.
  - It also aims to raise public awareness regarding the contribution of MSMEs to global economic growth and sustainable development.
- **Significance:**
  - As per the **United Nations**, the formal and informal MSMEs account for 70 % of the total employment and 50 % of the **Gross Domestic Product (GDP).**
  - Moreover, **MSMEs make up 90 % of all the firms.** With such a significant contribution to the country's economy, **MSMEs are essential for the job creation, innovation and productivity growth.**
  - However, despite being a key player in generating jobs, MSMEs worldwide face challenges in **working conditions, productivity, and informality apart** from the lack of support from the governments and administrations.
  - World **MSME Day is celebrated to unlock the potential of such enterprises** and also to utilize it for bolstering the global economy.

## What is MSME?

### ▪ About:

- Micro-Small and Medium-Sized Enterprises are the organizations that do not usually employ more than 250 employees, however, are responsible for creating more than two-thirds of all jobs globally.

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Revised MSME Classification			
Composite Criteria : Investment And Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment < Rs 1 cr and Turnover < Rs 5 cr	Investment < Rs 10 cr and Turnover < Rs 50 cr	Investment < Rs 20 cr and Turnover < Rs 100 cr

### ▪ Role of MSME in Indian Economy:

- They are the **growth accelerators of the Indian economy**, contributing about 30% of the country's **Gross Domestic Product (GDP)**.
- In terms of exports, they are an integral part of the supply chain and contribute about 48% of the overall exports.
- MSMEs also play an **important role in employment generation**, as they employ about 110 million people across the country.
  - Interestingly, MSMEs are intertwined with the rural economy as well, as more than half of the MSMEs operate in rural India.

## What are the Related Initiatives?

- The **Micro Small and Medium Enterprises Development (MSMED) Act**: It was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector.
- **Prime Minister's Employment Generation programme (PMEGP)**: It is a credit linked subsidy scheme, for setting up of new micro-enterprises and to generate employment opportunities in rural as well as urban areas of the country.
- **Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**: It aims to properly organize the artisans and the traditional industries into clusters and thus provide financial assistance to make them competitive in today's market scenario.
- **A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE)**: The scheme promotes innovation & rural entrepreneurship through rural Livelihood Business Incubator (LBI), Technology Business Incubator (TBI) and Fund of Funds for start-up creation in the agro-based industry.
- **Interest Subvention Scheme for Incremental Credit to MSMEs**: It was introduced by the **Reserve Bank of India** wherein relief is provided upto 2% of interest to all the legal MSMEs on their outstanding fresh/incremental term loan/working capital during the period of its validity.
- **Credit Guarantee Scheme for Micro and Small Enterprises**: Launched to facilitate easy flow of credit, guarantee cover is provided for collateral free credit extended to MSMEs.
- **CHAMPIONS portal**: It aims to assist Indian MSMEs march into the big league as National and Global CHAMPIONS by solving their grievances and encouraging, supporting, helping and hand holding them.
- **MSME Innovative Scheme**: It ensures support through guidance, financial support, technical support, and more to MSMEs to scale up.
- **Udyam Registrations Portal**: This new portal assists the government in aggregating the data on

the number of MSMEs in the country.

- **MSME SAMBANDH:** It is a Public Procurement Portal. It was launched to monitor the implementation of the Public Procurement from MSEs by Central Public Sector Enterprises.

[Source: ET](#)

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