



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 **27th 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 27th 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