



Review Of Research



THE ROLE OF MSME'S IN SUSTAINABLE DEVELOPMENT

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ABSTRACT

Global wealth has almost doubled since 1990, but nearly half the world's population per capita income is less than US \$ 2 per day. Poverty remains a major challenge to sustainable development, environmental security, global stability and truly global market. The contribution of Small and Medium Enterprises (SMEs) in the development of world economy has been significant, both in terms of contribution to GDP and creation of employment opportunities. SMEs played a remarkable role in the development of several countries as they constitute a major part of the industrial activity both in developed or developing economies. For example, Taiwan and Japan are the countries having high economic growth guided by dynamic SMEs. And many more countries can boast their growth by strong SMEs. The paper will primarily focus on the strategic importance of Small and Medium Enterprises (SMEs) and its role in the growth of economy in India. Also the parameters responsible for sustainable development of SMEs will be discussed in depth. Further the analysis of SMEs in context with India's (developing) economies will be carried out in this paper. The method of data collection will be through secondary data.

KEYWORD: Small and medium enterprise, sustainable development.

INTRODUCTION

Small and medium enterprises have been accepted as the engine of growth and for promoting equitable sustainable development. Small and medium-sized Enterprises occupy a strategic position in the development process. They constitute the crux of the economic fabric, providing a non-negligible share of jobs and participating in the creation of value added.



The dynamic and easily adaptable nature of SMEs contributes to improving competitiveness and supporting the restructuring of the economies of Indian states. They are important especially as they are often the principal suppliers to large public and private enterprises and benefit from significant valuable assets in terms of flexibility, access to knowledge and local markets. SMEs are considered to be key players in sustainable development as they contribute to all its aspects. They contribute to job creation, and thereby to combating poverty and inequality; and better integration of women into entrepreneurship and paid work.

Significant of MSME's:

Encouraging government policies and economic scenario have greatly influenced the emergence of MSME's today. At present MSME with dynamic, efficient production groups that could respond quickly to the customers needs. MSME play an important role in the industrial

development and the economic development of the country. All the economic development of a country means steady growth in the income levels. It is all the more important in case of developing countries like India.

ROLE OF SMALL AND MEDIUM ENTERPRISES:

'Small is Beautiful'. So, the small scale industry is also beautiful. Its beauty lies in its contribution to economy, though it is small. The backbone of backward and developing economies is SSI Sector. They act as an important 'Key' in the whole process of social and economical progress. Indian inherited rich traditional culture has given birth to work etc. and therefore, the SSI has become the part and parcel of our beliefs and practices.

The SSI accounts for – 95% of industrial units, 40% of total manufacture, 18 million employment opportunities. There are 7500 wide range of products. These figures speak status of SSI in the Indian economy. SSI plays an important role in the country like India. With less capital and technology a, they provide more job opportunities. In its 1956 policy statement, the Government emphasized the role of SSI as:

They provide immediate large scale employment, they offer a method of ensuring, more equitable distribution of national income and they facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilized. Some of the problems that unplanned urbanization tend to create will be avoided by the establishment of small centres of industrial production all over the country.

1. Growth in size:

The MSME sector has shown a commendable growth in its number. The number of SSI units was just 15,000 in 1950 but in 2003 the number increased to 35,72,000 units. With a span of 50 years, about 71,000 time increase. The change is also gradual. The following chart shows the progress of SSI in India.

Table 1.
Progress of MSME's in India.

Year	Number of units (in Lakhs)
2001-02	105.21
2005-06	123.42
2009-10	410.82
2010-11	428.77
2011-12	447.73

Annual Report 2012-13, Ministry of MSME's.

From the above table it is clear that there is a tremendous progress in the growth of SSI. The reason behind this is its easiness in commencement, the lesser complications, low capital, and indigenous growth. It also indicates entrepreneur's beginning step, before launching it on a large scale. The budding entrepreneur's heaven is small unit as it has low risks.

2. Employment Generation:

As said earlier, earlier MSME's creates wide-range of job opportunities. People are attracted towards it. A limit with an investment of Rs. 2 lakh can provide job for 10 people. As compared to the investment and jobs created by large scale industries, SSI outweighs. The following table shows the growth of employment opportunities in SSI sector.

Table - 2.
Employment generation of MSME's in India.

Year	Employment (In Lakhs)
2001-02	192.00
2005-06	294.91
2009-10	922.19
2010-11	965.69
2011-12	1012.59

Annual Report 2012-13, Ministry of MSME's.

The Karve Committee has rightly put as-

“The principle of self employment is at least important to a successful democracy as that self-government”. It means individual with an entrepreneurial quality can establish his own entity.

The National Board for Micro, Small and Medium Enterprises (NB-MSME) was established by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 and Rules made there under. It examines the factors affecting promotion and development of MSME, reviews existing policies and programmes and make recommendations to the Government in formulating the policies and programmes for the growth of MSME.

3. Balanced Economic Growth:

The concentration of wealth with few is not sign of progress. The balanced distribution of wealth is possible by spreading the industries. In India, there is a classification called rich and poor states, industrialized states and backward states. It is surprising to note that 59% of the MSME's are located in Gujarat. Further, balanced growth can be achieved by establishing MSME's in the backward areas. The MSME's located in rural, semi-urban and backward areas. They create employment opportunities in rural area and reduce the gap between rich and poor. The poor can only think of MSME's with less capital and technology. The decentralization of individual activities helps in balanced economic growth.

4. Export and Foreign Exchange:

'Export or Perish' is a recent call to the developing countries. World wide market is created with a number of opportunities. The industrial Policy 1991 states that “policy measures for promoting and strengthening small, tiny and village industries by setting an export oriented development centre”. In recent years, the products like ready made garments, food products, leather products are finding place in the world market.

5. Encouragement to Entrepreneurship:

The Indian rural people are artisans but lack in commercialization. The MSME sector provides an opportunity to convert the dreams into realities. A simple and small business organization with small investment can be established by any entrepreneurs. A common with entrepreneurial skill can establish his own empire. The organization, management, control etc. quite simple. The risk is also too less. Therefore, Indian economy is experiencing entrepreneurs in various industries.

6. Indigenous:

The MSME is basically an indigenous sector. MSME's are developing on the local resources. There is no need of foreign capital, technology etc. They use locally available resources. The public saving is their capital, traditional practice are the technology. MSME's make better use of the organizational and managerial abilities of local people along with entrepreneurial talents. The MSME is a forum, which is best utilized by rural entrepreneurs. The practice of containing the parents' occupation has created newer young entrepreneurs to mainstream. A papad making old lady of Gujarat launched famous 'Lijjat Papd'. The infrastructures are also made locally available to promote rural artisans.

7. Development of Technology:

MSME act as the conducive place for innovations. The new things are introduced in a small way through MSME sector. The existing traditional industries have sufficient capacity to incorporate technology. The problems experienced by MSME sector also provide opportunities to develop new technology. In total, the common place for the marketing is not practiced in MSME is the common criticism against MSME sector. It is also an opportunity to some one to create 'cost effective quality testing equipment'. Amazing innovations are the products of rural technicians. The best example is the innovation of personal computer by a young entrepreneur namely Steve Jobs.

8. Supporting the Sector :

The basic nature of MSME Sector is that, it leads the other sectors growth . The growth of MSME in rural area has reduced the pressure on agricultural sector. The investment is diverted to SSI sector. The ancillary units of SSI act as a link between agriculture and large scale sector. It encourages agriculture and its products. The ancillaries produce components as required by the large scale industries. In case of assembling industries, the various subcomponents are manufactured by small scale industries.

The MSME has become a common way of life in the Indian society. It has traditional values, culture, practices. In India, this sector has been assigned with the significant. The objective of socialist pattern of society, growth with justices can be attained with the help of MSME sector. Therefore, our first Prime Minister Pt. Jawaharlal Nehru aptly said that "sky is the limit for small industry". Speaks loud about SSI in India.

CONCLUSION:

Industries are classified as small, medium and large scale. The small scale industry is one in which maximum investments limited Rs. 300 lakhs. This sector is further divided into tiny and Ancillary industries. Tiny industry is the smallest organization with a maximum investment of Rs. 5 Lakhs. The ancillaries are supporting to large scale industries producing components as per the specifications. The SSI has unique characteristics which distinguish it from other sector. In India, government has been constantly making efforts to promote the SSI. It has drafted special policies to concentrate on the promotion and growth of SSI sector. From time to time, modifications are also introduced by GOI. The SSI has a definite role to play in the economic prosperity of the country. The present contribution should be enhanced and linked to the competitive Global economy.

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