

ROLE OF MSME'S IN ECONOMIC DEVELOPMENT OF INDIA

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ABSTRACT

There is a growing and worldwide appreciation that the Micro, Small and Medium Enterprises play a catalytic role in the development process of most economies. This position gets reflected in the form of their increasing number and rising proportion in the overall product manufacturing, exports, manpower employment, technical innovations and promotion of entrepreneurial skills. This paper attempts to look at the changing definition of the Micro, Small and Medium Enterprises and the role these enterprises are playing in the growth story of our economy. In India, the MSME sector is the second largest manpower employer, after agriculture and the output from this sector alone constitutes 40 percent share of the value added in the manufacturing sector and one third of national exports. The importance of Micro, Small and Medium enterprises (MSME) for its contribution in the Indian economy growth is a matter of record and needs no further elaboration. However, with the changing focus from economic growth to inclusive growth, MSME sector's role in the socio economic development of India needs to be understood, explored and facilitated. The opportunity in MSMEs exists, however, the fact remains that most of the funding goes to the larger and more solvent MSMEs and to those who have business linkages with large corporate. The banks compete with each other to grant loans to the top rung MSMEs.

KEY WORDS: Economic Development of India, Micro, Small and Medium Enterprises, Funding needs of MSMEs, Future of MSMEs, Unorganized sector.