

IMPACT OF LIBERALIZATION ON CONTRIBUTION OF MSMES IN ECONOMIC DEVELOPMENT OF INDIA

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ABSTRACT

MSMEs plays crucial role in providing large employment opportunities at comparatively lower capital expenditure. MSMEs alleviates the problem of regional and social disparities by ensuring inclusive growth. MSMEs are complementary to large industries as ancillary units and contribution of this sector has been tremendous on social-economic development of the country as well. The MSME sector accounts for around 45% of total manufacturing output and 43% of total exports of the country. However despite a sizeable proportion of workforce being engaged into this sector its contribution to GDP is meager 8.72%. Moreover, the protection availed during pro-business phase, which was drafted away with onset of pro-market phase from 1991 and enactment of MSMED Act 2006 has not contributed to surge of MSME sector's growth significantly. Through this paper an empirical study has been conducted to highlight whether the growth in number of MSMEs after liberalization has contributed to proportionate growth of MSMEs contribution in various parameters viz Production, Employment and Exports.

KEYWORDS: Micro, Small, Medium Enterprises, MSME, MSMED2006, Liberalization, Contribution, Growth