

# **“AN ANALYTICAL STUDY ON THE CONTRIBUTION OF MSMEs TOWARDS VIKSIT BHARAT 2047 WITH SPECIAL REFERENCE TO INDIA’S COMMERCIAL DEVELOPMENT”.** **(WITH SPECIAL REFERENCE TO RAIPUR CHHATTISGARH.)**

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## **ABSTRACT**

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in shaping India's economic landscape. This paper explores how MSMEs can significantly contribute to the realization of Viksit Bharat 2047, a vision for a developed India. Through a mixed-methods approach combining data analysis and policy review, this study evaluates the role of MSMEs in employment generation, GDP contribution, and regional development. The paper also identifies challenges and offers policy suggestions to optimize MSMEs' contribution to India's commercial growth trajectory.

**Keywords:** MSMEs, Viksit Bharat 2047, Commercial Development, Economic Growth, Entrepreneurship, Policy Support.

## **INTRODUCTION**

India's vision of becoming a developed nation by 2047 — **Viksit Bharat** — necessitates inclusive, sustainable, and innovation-driven economic growth. MSMEs, forming over 95% of India's industrial units and contributing approximately 30% to GDP, are key drivers of local employment and entrepreneurship. This paper investigates how MSMEs can be strategically integrated into the developmental roadmap. MSMEs contribute roughly 30% to India's GDP and nearly 46% to exports, highlighting their economic significance. The sector fuels entrepreneurship, employment, regional development, and innovation — all essential pillars for Viksit Bharat. The government's push for formalization via Udyam registrations (crossing 6.2 crore registered units by March 2025) is vital for enabling MSMEs to access credit, technology, and markets more effectively.

Despite progress, MSMEs face persistent hurdles: Credit gap of ₹30 lakh crore, disproportionately impacting women-led and rural MSMEs. Skill shortages limiting productivity. Inadequate infrastructure and technology adoption, especially in manufacturing. Market access limitations, with many MSMEs relying on traditional marketing methods. Climate risks and slow sustainability adoption impacting long-term resilience. Addressing these is essential for MSMEs to play their role in India's development

## **REVIEW OF LITERATURE**

- **KPMG (2023)** emphasizes the need for digital transformation among MSMEs for global competitiveness.
- **RBI (2022)** points to credit and compliance bottlenecks faced by MSMEs.
- **NITI Aayog reports** suggest that MSMEs can play a major role in rural industrialization, thus reducing regional disparities.

- Micro, Small and Medium Enterprises (MSMEs) are often called the backbone of India's economy. They contribute significantly to GDP, generate large-scale employment, and promote balanced regional growth. According to the Ministry of MSME (2023–24), the sector provides livelihood to millions and plays a crucial role in manufacturing, services, and exports.
- Existing studies agree that MSMEs are central to India's commercial development and will be a driving force for achieving the goals of *Viksit Bharat 2047*. Yet, gaps remain in measuring long-term impacts of formalisation, credit schemes, and sectoral policies, which creates scope for further analytical research.

## RESEARCH GAP

While prior studies have examined MSMEs' performance, few have linked their growth potential directly with the national vision of **Viksit Bharat 2047** in the context of **commercial development**. This study fills that gap.

## OBJECTIVES OF THE STUDY.

1. **To examine** the overall contribution of MSMEs to India's GDP, employment generation, and exports in the context of commercial development.
2. **To analyse** the role of government schemes, policies, and initiatives in strengthening MSMEs and aligning them with the vision of *Viksit Bharat 2047*.
3. **To identify** the key challenges faced by MSMEs, such as access to finance, technology adoption, market linkages, and infrastructure support.
4. **To evaluate** the effectiveness of financial support mechanisms like credit guarantee schemes and Udyam registration in promoting MSME growth.
5. **To explore** the potential of MSMEs in achieving inclusive and sustainable development for India's long-term economic vision.

### 6. 5. Research Methodology

- **Type of Study:** Analytical and descriptive
- **Data Source:** Secondary data from Government reports, MSME Ministry, RBI, NITI Aayog, Annual Economic Survey
- **Tools Used:** Trend analysis, SWOT, and policy gap mapping
- **Time Frame Considered:** 2015–2024

### Research Design:

The research adopts a descriptive design to examine the contribution of MSMEs towards GDP, employment, exports, and commercial development. Analytical tools are used to interpret data and draw meaningful conclusions.

### Data Collection:

- **Secondary Data:** Collected from government reports (Ministry of MSME Annual Reports, Udyam Portal, NITI Aayog publications), Reserve Bank of India (RBI) data, policy documents, research articles, and published literature.
- **Primary Data (if applicable):** Information may also be gathered through questionnaires, interviews, or case studies of selected MSMEs to understand practical challenges.

□ **Data Analysis:**

Data will be analysed using **percentage analysis, trend analysis, and comparative methods** to evaluate the role of MSMEs in India's commercial development. Graphs, charts, and tables will be used for clarity.

□ **Scope of the Study:**

The study focuses on the economic contribution of MSMEs in India with special emphasis on their role in achieving the vision of *Viksit Bharat 2047*. It covers aspects such as employment generation, export performance, financial access, and government initiatives.

□ **Limitations of the Study:**

The research relies mainly on secondary data, which may have certain constraints such as time lag, accuracy of government records, and lack of uniformity in data across different sources.

## **ROLE OF MSMEs IN COMMERCIAL DEVELOPMENT**

- **Employment Generation** – MSMEs are highly labor-intensive and provide large-scale job opportunities, especially in rural and semi-urban areas.
- **Contribution to GDP** – They significantly contribute to national income by enhancing industrial and service sector output.
- **Boost to Exports** – MSMEs contribute to India's exports through handicrafts, textiles, engineering goods, etc., enhancing foreign exchange earnings.
- **Regional Development** – Promote balanced regional growth by setting up industries in less developed areas.
- **Encouragement to Entrepreneurship** – Provide opportunities for small entrepreneurs, promoting self-reliance and innovation.
- **Support to Large Industries** – Act as ancillary units and suppliers of raw materials, components, and services to larger enterprises.
- **Technological Innovation** – Encourage innovation, product diversification, and adoption of modern techniques on a small scale.
- **Women Empowerment** – Many MSMEs are women-led, helping in inclusive growth and gender equality.
- **Flexibility and Adaptability** – Quickly adjust to changing market demands compared to large enterprises.
- **Contribution to Sustainable Development** – Promote eco-friendly practices and small-scale green initiatives.

## **CHALLENGES FACED BY MSMEs**

- **Limited Access to Finance** – Difficulty in obtaining credit from banks due to lack of collateral and high-interest rates.
- **Inadequate Infrastructure** – Poor power supply, transport, and technology facilities hinder growth.
- **Low Technological Adoption** – Dependence on outdated machinery and slow adoption of modern technologies.

- **Marketing and Distribution Issues** – Lack of strong brand presence and limited market reach compared to large companies.
- **Regulatory Burden** – Complex procedures, licensing requirements, and compliance with multiple regulations.
- **Competition from Large Enterprises** – MSMEs face stiff competition from both domestic big industries and multinational corporations.

## Government Initiatives & Policy Support

### 1) Formalization & Ease of Doing Business

- **Udyam Registration & Udyam Assist Platform (UAP)**. Since July 2020, the government's one-stop Udyam system has formalized crores of enterprises, while **UAP** on boards *informal micro enterprises* (IMEs) with assisted registration; RBI treats UAP certificate-holders as micro enterprises for Priority Sector Lending (PSL)—bringing first-time borrowers into the formal credit net.
- **Press Information Bureau Reserve Bank of India**
- **Digital public infrastructure for MSMEs**. Linkages to Aadhaar/UPI, PAN–GST rails, and single-window portals (e.g., Udyam ↔ UAP interface) reduce compliance friction and improve credit discovery for nano/micro units.

**Reserve Bank of India** □ : Maintains inflation control and ensures stability in the value of the rupee. Promotes digital banking, UPI, Jan Dhan, and credit access for MSMEs and rural areas.

### Credit Access & De-risking of Lending

- **Revamped Credit Guarantee Scheme (CGTMSE)**. Effective **1 April 2023**, the corpus was infused with **₹9,000 crore**, enabling ~₹2 lakh crore additional collateral-free credit and lowering cost of credit by ~1%. The ceiling for guarantees rose to **₹5 crore**, and annual
- guarantee fees were cut sharply (e.g., from a peak of 2% to as low as **0.37%** for the smallest loans; revised AGF slabs notified in 2025). Coverage goes up to **85% for micro-loans ≤ ₹5 lakh**. These measures crowd-in bank/NBFC lending to first-generation entrepreneurs. **Emergency & targeted credit lines**. COVID-era **ECLGS** catalyzed survival capital; subsequent CGTMSE revamp institutionalized longer-term de-risking for lenders to MSEs. (Context: policy continuum around guarantee-backed working capital.)
- **Trade Receivables Discounting System (TReDS)**. RBI-regulated e-exchanges (RXIL, M1xchange, Invoicemart, etc.) let MSMEs discount invoices drawn on large buyers/PSUs **without recourse**, easing working-capital cycles; recent policy lowered onboarding thresholds to widen buyer participation<sup>3</sup>) **Timely Payments & Receivables Protection**
- **MSME Samadhaan & MSEFCs**. The online delayed-payment monitoring system operationalizes **MSMED Act, 2006 (Sections 15–17)**—with penal interest provisions—and routes disputes to state **Micro & Small Enterprise Facilitation Councils (MSEFCs)** for quasi-judicial resolution. The portal also nudges onboarding to **TReD**

### Public Procurement as Market Access

- **25% Purchase Mandate from MSEs.** All central ministries/CPSEs must source a **minimum 25%** of annual procurement from MSEs, with **sub-targets of 4% for SC/ST-owned MSEs and 3% for women-owned MSEs**—creating predictable demand and price discovery via **GeM**. 5) Competitiveness, Quality & Green Transition
- **RAMP Programme (World Bank–MoMSME, 2022–26).** The **Raising and Accelerating MSME Performance** program finances state/central reforms on credit, market access, cluster upgrading and greening—an outcomes-linked system to scale best practices ahead of 2047.
- **ZED (Zero Defect, Zero Effect).** ZED certification (Bronze/Silver/Gold) incentivizes adoption of quality, safety, energy efficiency and resource-light production; benefits include certification subsidies and market credibility signals. **Lean Manufacturing & Cluster Development.** MSME Competitive Lean Scheme and the **MSE-CDP** (common facility centres & infrastructure) help units pool technology, testing and logistics, lifting total factor productivity—especially for micro units in tier-2/3 clusters. 6) Skilling, Design, Technology & IP
- **Technology Centres & Tool Rooms, Design/IPR support, and incubation** programs lower the cost of prototyping, testing, and certification while upskilling the workforce—critical for moving MSMEs up the value chain and into export-ready segments. 7) Artisan/Micro Enterprise Uplift
- **PM Vishwakarma (2023–28).** A central-sector scheme (₹13,000 crore outlay) offering toolkit assistance, skills, and concessional credit to 18 traditional trades—bringing lakhs of artisans into formal value chains and e-commerce. As of **June 26, 2025**, **~2.71 crore** applications and **~29.9 lakh** successful registrations reflect strong uptake. 8) Employment-linked Push
- **Pradhan Mantri Viksit Bharat Rozgar Yojana (2025).** An employment-linked incentive (ELI) with **₹1 lakh crore** outlay targets **>3.5 crore formal jobs in two years**—reducing hiring risk for MSME employers and boosting wage formalization. **Brings the long tail into the net:** Udyam + UAP + PSL recognition → credit pipes open for nano/micro firms.
- **Cuts cost of capital at scale:** CGTMSE revamp + fee rationalization → cheaper, collateral-free loans; TReDS reduces receivables days.
- **Expands markets, enforces discipline:** 25% procurement mandate via GeM + Samadhaan/MSEFC enforcement → demand assurance and payment timeliness.
- **Upgrades productivity & quality:** RAMP, ZED, Lean, clusters, tech centres → better quality, greener processes, export readiness **Inclusion & jobs:** Vishwakarma + ELI jobs scheme → formal employment and artisan integration into modern supply chains.

### SWOT Analysis of Indian MSMEs

**Strengths:** Large workforce, diverse sectors, flexibility

**Weaknesses:** Informality, credit constraints

**Opportunities:** Digitalization, global trade, sustainability

**Threats:** Global competition, inflation, cyber risk

## SUGGESTIONS AND WAY FORWARD

1. **Cluster-Based MSME Models** in rural India
2. **Credit Enhancement with Relaxed Collateral Norms**
3. **Skill Development Programs** with local institutes
4. **Digital Marketing Training for MSMEs**
5. **Public-Private Partnerships (PPP)** to promote MSME integration into export chains

## CONCLUSION

The MSME sector serves as the backbone of India's commercial and economic development. It contributes significantly to GDP, exports, employment generation, entrepreneurship, and regional balance. However, challenges such as limited finance, infrastructural bottlenecks, low technological adoption, and competition from large corporations restrict its growth potential. By addressing these challenges through stronger financial inclusion, skill development, technological upgradation, and supportive policy frameworks, MSMEs can become a **driving force for India's vision of Viksit Bharat 2047**. Strengthening this sector will ensure inclusive growth, global competitiveness, and sustainable development, enabling India to transform into a developed nation by 2047. The MSME sector is not just an economic engine but also a social equalizer. Its alignment with the Viksit Bharat 2047 mission holds the potential to democratize development across India. With timely reforms, capacity building, and tech integration, MSMEs can truly become the **pillar of India's commercial transformation**.

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