



## **ROLE OF MSMES IN PROMOTING ENTREPRENEURSHIP IN INDIA**

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### **ABSTRACT**

*MSMEs play a notable role in economic and social development, thereby providing flip to entrepreneurship, as they have inherent features of being innovative and responsive to changing market changing aspects. Here, definitions of entrepreneurship means typically focus on the launching and running of businesses, due to the high risks involved in it. There are so many institutes and organizations which are involved in entrepreneurship development activities and there are people who join these programmes as a stepping stone to become entrepreneur, but in the midst of all these system, MSMEs by giving real platform tries to promote entrepreneurial opportunity. As per the study it is certain that MSMEs are tower of strength to create entrepreneurs pool and such entrepreneurs could play a vital role in the development of the economy. In the process of its growth certainly help to create big entrepreneurs in the system. MSMEs are provide a huge platform to build sound business venture. The phrase small is beautiful is real truth for visionaries in the entrepreneurial world*

**Key words:** *Entrepreneurship, MSME, Establishments and Proprietors.*

### **INTRODUCTION**

Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy and is widely acclaimed as engine of economic growth, particularly in the context of Make in India initiative of the Government of India. MSMEs play a noteworthy role in economic and social development, thereby providing flip to entrepreneurship, as they have inherent characteristics of being innovative and responsive to changing market dynamics. Being complementary to large industries this sector contributes hugely to the socioeconomic development of the country. MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost but

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also encourage entrepreneurial activities in rural and backward areas.  
(handbook For MSME Entrepreneurs, June 2017)

Since the first Industrial Policy Resolution, 1956 itself, priority was given to agricultural growth along with the establishment, growth and development of village and small scale industries. Further, seeing the potential of growth in MSME and their contribution to Indian economy, the Parliament enacted the Micro, Small and Medium Enterprises Development Act, 2006 to facilitate the promotion, development and enhancing the competitiveness of micro, small and medium enterprises. In the current scenario of promoting MSMEs government is providing various facilities and credits to MSME to ensure smooth working and eventual growth of MSMEs in India. Further, to ease the regulatory burden on the industry and assist MSMEs in complying with the legal requirements and mandatory disclosures, a single window compliances and online mechanism of registration and compliance has been initiated for MSMEs.

### **Entrepreneurship:**

The word Entrepreneur is derived from the French word “entreprendre” which means a person who undertakes the task of bringing together various resources and manages them to achieve desired results and take some share. The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new business. Of course in economics, entrepreneurship combined with land, labour, natural resources, and capital can produce profit. Entrepreneurial spirit is characterized by innovation and risk taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global market place. Thus, definitions of entrepreneurship typically focus on the launching and running of businesses, due to the high risks involved in it.

Development of SMEs is strongly linked to the presence of a supportive environment. Initiatives ranging from implementing a receptive regulatory environment to establishing access to technology and finance have been at the forefront (Ayesha Baig 2007)

There are so many institutes and organizations which are involved in entrepreneurship development activities and there are people who join these programmes as a stepping stone to become entrepreneur, but in the midst of all these system, MSMEs by giving real platform tries to promote entrepreneurial opportunity. With this backdrop the paper tries to know the contribution of MSMEs establishments in promoting entrepreneurial development of Indian business world.

### **Objectives:**

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1. To know the share of MSME sector in GDP and total manufacturing output.
2. To examine the role of Registered and Unregistered Enterprises in MSMEs entrepreneurship.
3. To know pattern of ownership.
4. To study the environments for development of entrepreneurship.

## Research Methodology:

The study is based on explanatory research and used secondary data from various publications, journals, and reports. To analysis, simple statistical tools like averages, percentages and graphs are used.

## Analysis:

The Indian economy thrives through the process of creation of enterprises. The MSME have been contributing to expansion of entrepreneurial culture through business innovations. The MSMEs are widely dispersed across the sectors of the economy, producing diverse range of products and services to meet demands of local as well as global markets. The contribution MSME in GDP is 6%, 33% in Manufacturing sector and 45% in exports. It shows the valuable contribution that the MSME sector is making in the economy, both in manufacturing and services.( MSMEAnnual Report-2016-17)

### 1. Share of MSMEs sector in GDP and Total Manufacturing Output:

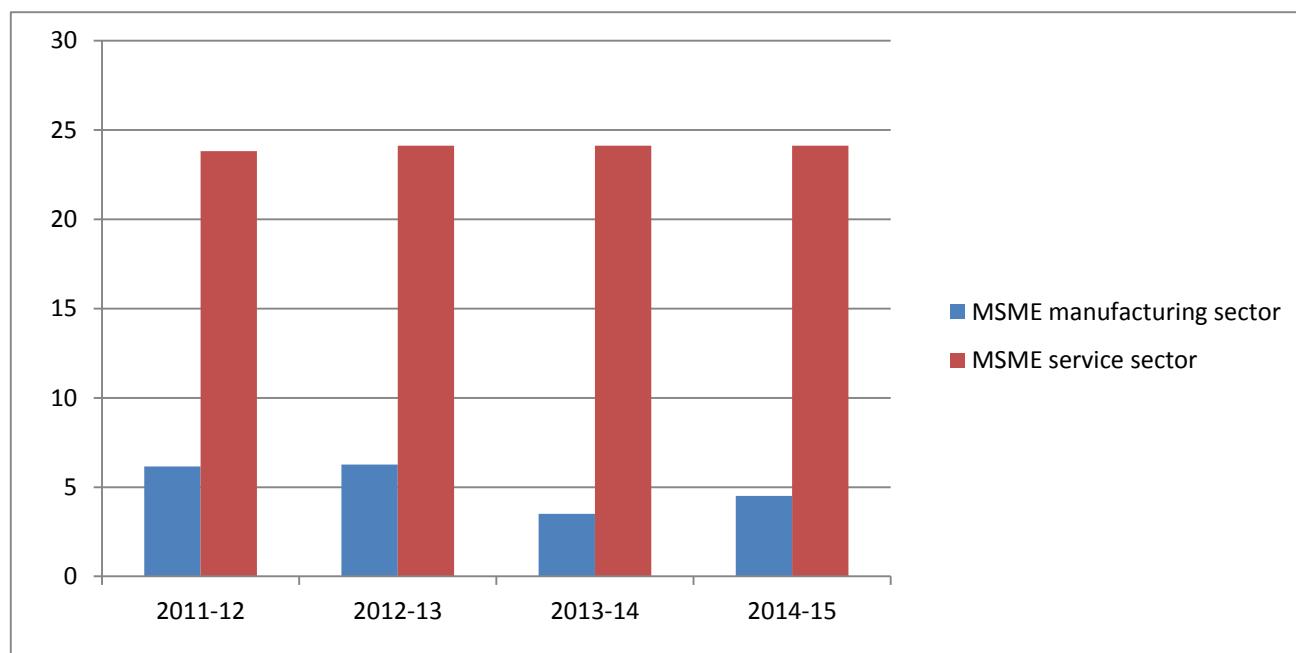
The contribution of MSMEs to GDP of India is considerably high compare to other sectors in the economy. It was 29.97% in 2011-12 and it has increased to 30.74% in 2014-15. It indicates that the opportunity and way to promote entrepreneurship in the MSMEs sector is more. In addition to that MSMEs contribution is more in service sector rather than in manufacturing sector.( table no.1) Thus, Prospect of entrepreneurship development in service based MSMEs are more. Therefore to promote more entrepreneurs, MSME service sector should be given more priority.

Table 1: Share of MSME sector in GDP and total manufacturing output.

Manufacturing Output at current prices.			Share of MSME GVA to GVA/GDP at Constant price for base year 2011-12 ( %)					
Year	MSME Manufacturing Output ( Rs. In Crores)	Share of MSME Manufacturing Output in total Manufacturing Output( %))	MSME Manufacturing Sector.		MSME service Sector		Total	
			In GVA	In GDP	In GVA	In GDP	In GVA	In GDP
2011-12	2167110	33.12	6.64	6.16	25.66	23.81	32.29	29.97
2012-13	2385248	33.22	6.67	6.27	26.05	24.13	32.89	30.40
2013-14	2653329	33.27	6.79	6.27	26.40	24.37	33.19	30.64
2014-15	2783433	33.40	6.63	6.11	26.72	24.63	33.34	30.74

Sources: Annual Report-2016-17, Govt.of India, MSME, msme.gov.in ( GVA= Gross value added)

Graph 1: Contribution of MSMEs Manufacturing and service sector to GDP of India



## 2. Registered and Unregistered Enterprises:

Out of total MSMEs 198.75 lakhs are from unregistered sector. It is really concerning matter because most of the times unregistered units are not eligible to get support, encouragement from either banks or government. However, such units contribution in promoting

entrepreneurship is considerable. In addition to that rural based MSMEs are playing vital role in developing entrepreneurship. Their number is bigger compare to urban and semi-urban MSMEs. Regarding employment also unregistered units are in better position. But registered units are in an average giving more jobs i.e per unit 5.95 persons compared to unregistered units i.e 2.06 persons.( Table 2)

Table No. - 2: Registered and Unregistered Enterprises.

Sr. no.	Characteristics	Registered Sector	Unregistere d Sector	Economic census 2005.	Total
1	No.of enterprises (In Lakhs)	15.64	198.74	147.38	361.76
2	No.ofRural enterprises( In Lakhs)	7.07 ( 45.20%)	119.68 (60.22%)	73.43 (49.82%)	200.18 (55.34%)
3	No.of Enterprises ownedby Women (in lakhs)	2.15 ( 13.72%)	18.06 ( 9.09%)	6.40 (4.34%)	26.61 (7.36%)
4	Employment ( in lakhs)	93.09	408.84	303.31	805.24
5	Per unit employment	5.95	2.06	2.06	2.23

Source: Fourth All India Census MSME.2006-2007.

### 3. Male and Female of Proprietors and Employment Provided By Each.

As per the study both male and female proprietors are running a number of MSMEs units. Both are managing the units efficiently. However male proprietors are in major portion in this sector also, it is 86.28% male owners and 13.41% female owners. In respect of workers nearly 87.9% are working in male owners units and 11.6% in female owners units.( table no.3) An important aspect of MSME sector is the promotion of female entrepreneurs and also builds confidence in them to become successful business stalwarts. It indicates that the MSMEs sector by providing platform , definitely encourage entrepreneurs from Male, female and even others.

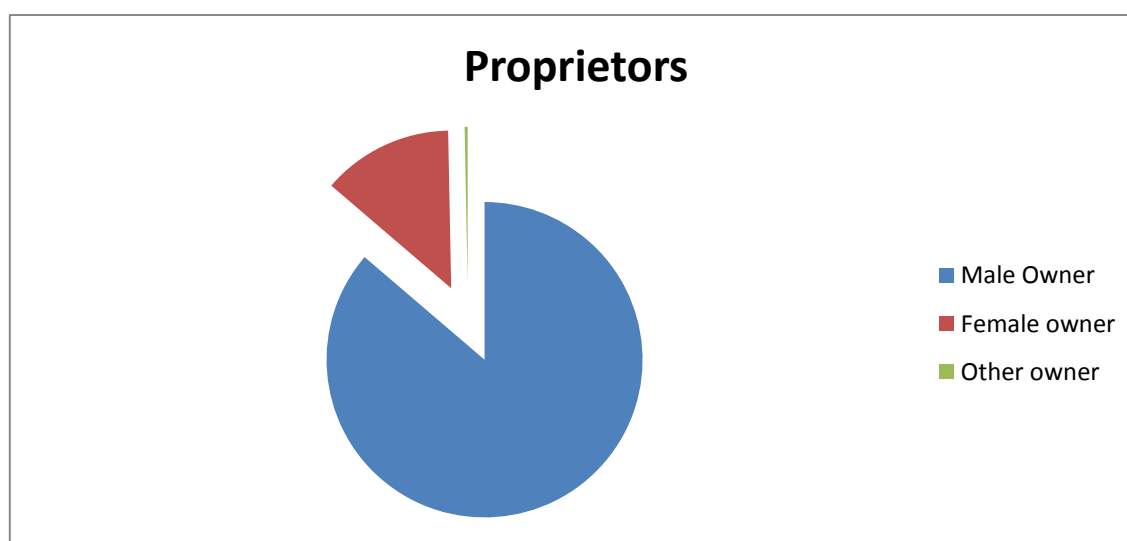
Table 3: Break-up of Male and Female proprietors and employment provided by each.

Ownership	Number of Establishment	Number of Workers.
Male Owner	34026592	71115400
	86.28%	87.9%
Female owner	5289052	9394832

	13.41%	11.6%
Other owner	121371	383213
	0.31%	0.5%
Total	39437015	80893445

Source: Annual Report-2016-17, Govt. of India, MSME, msme.gov.in

Graph 2: Break-up of male and female of proprietors.



As per the study it is certain that MSMEs are tower of strength to create entrepreneurs pool and such entrepreneurs could play a vital role in the development of the economy.” Make in India “is the big initiative of Govt of India with zero defect and zero effect is a significant opportunity to produce more entrepreneurs. In the new gesture MSME should enable to develop such entrepreneurs to carry the business with necessary eco system that enables and continuously support business that are gearing to deliver the right product, the right quality, the right solution and the right service at a competitive price, both in domestic and international markets

### Essential qualities for a Successful Entrepreneur:

One of the great things about becoming an entrepreneur is that anyone can do it. Mark Zuckerberg Steve Jobs, Bill Gates, and were in college when they started, Face book Microsoft and Apple respectively. Some business experts suggest that the entrepreneurial drive is innate, a trait acquired at birth, while others believe that anyone can become an entrepreneur. Generally, certain qualities and traits, conducive environment help to be a successful entrepreneurs. MSMEs can create practical platform for that. To list up a few.





- i. Independent thinking: those who are interested to be an entrepreneur, always think out of box. Do not get carried away by the thoughts of others.
- ii. Have a vision: It is a necessary quality; it helps to know the end goal when one begins. Vision is the fuel that impels one forward towards once goal.
- iii. Self-confidence: An entrepreneur should never have self-doubt and should believe they can achieve their goal.
- iv. Passion for work : one should have passion towards his choice. i.e entrepreneurship.
- v. Optimism :It's difficult to succeed at anything if you don't believe in a good outcome. Entrepreneurs are dreamers and believe their ideas are possible, even when they seem unattainable.
- vi. Resourceful and problem solvers: Resourcefulness is a mindset, in the midst of number of lacking like assets, knowledge, resources etc entrepreneurs should able to get what they need or figure out how to use what they have got in order to reach their business goals. No need to count the hardships in the way.
- vii. Focused on the Goal: An entrepreneur should be highly focused on his work. That feature helps him to keep away from failure in his ventures.
- Viii. Firmness: Firmness is one of the most desired quality of an entrepreneur. Obstacles and some small failures are common in a business venture, in such time one should be very firm in his decision and action.

## **CONCLUSION:**

The role of micro, small and medium enterprises (MSME) in a developing country like India is very obvious. It helps to generate employment, creating economic activity besides promoting allied development activities. In the process of its growth certainly help to create big entrepreneurs in the system. MSMEs are provide a huge platform to build sound business venture. The phrase small is beautiful is real truth for visionaries in the entrepreneurial world. Entrepreneurship plays a crucial role in the growth and development of economic system of society



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