

INTERNATIONAL JOURNAL OF LAW MANAGEMENT & HUMANITIES

[ISSN 2581-5369]

Volume 7 | Issue 3

2024

© 2024 *International Journal of Law Management & Humanities*

Follow this and additional works at: <https://www.ijlmh.com/>

Under the aegis of VidhiAagaz – Inking Your Brain (<https://www.vidhiaagaz.com/>)

This article is brought to you for “free” and “open access” by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in the International Journal of Law Management & Humanities after due review.

In case of **any suggestions or complaints**, kindly contact Gyan@vidhiaagaz.com.

To submit your Manuscript for Publication in the **International Journal of Law Management & Humanities**, kindly email your Manuscript to submission@ijlmh.com.

Challenges and Opportunities for Micro, Small and Medium Enterprises (MSMES)

KARTIK SOHI¹ AND DR. LAKSHMI PRIYA VINJAMURI²

ABSTRACT

This article examines the opportunities and challenges that micro, small, and medium-sized enterprises (MSMEs) in India confront. These companies reduce poverty, produce income, and create employment, but they also face a variety of challenges that keep them from growing. The aims of this study are to identify and assess these barriers, look at potential avenues for development, and provide a roadmap for MSME success. MSMEs can effectively address significant challenges like limited access to finance, marketing, technology adoption, skilled labour shortage, and inadequate infrastructure by putting strategies like working together to share infrastructure, embracing technology, developing a sustainable brand identity, attracting and retaining skilled employees, and streamlining regulatory compliance into practice. Despite government efforts through initiatives like the Udyam Registration Portal, favourable legislation, financial help, tax benefits, and subsidies, access to money remains a major barrier. A strong credit history and the use of government incentives and programs are two strategies that assist MSMEs in obtaining financing. In conclusion, MSMEs may thrive in the market by overcoming challenges and seizing opportunities with government support.

Keywords: MSMEs, India, Challenges, Opportunities, Finance, Government Initiatives, Growth.

I. INTRODUCTION

MSMEs significantly boost output, employment, and exports, making them crucial to the growth of the Indian economy. Despite government support, the MSME sector has grown tremendously, but it still faces challenges that keep it from expanding further and becoming more successful. Studies by FICCI and EY (2021) and Kumar and Bhatia (2021) claim that the COVID-19 pandemic has made it more difficult for Indian MSMEs to obtain funding, access markets, and construct the infrastructure they require. In addition, the pandemic's effects on liquidity have contributed to MSMEs' increasing non-performing asset levels. Presenting a comprehensive road map for MSME growth in India while accounting for possibilities and

¹ Author is a student at Law College Dehradun, Uttarakhand University, Dehradun, Uttarakhand, India.

² Author is an Associate Professor at Law College Dehradun, Uttarakhand University, Dehradun, Uttarakhand, India.

obstacles is the aim of this study. It seeks to identify roadblocks, assess the current situation of MSME, provide solutions, highlight opportunities, and create a successful plan. Despite facing several challenges, MSMEs remain crucial to India's economic expansion, which highlights the necessity for a thorough plan to ensure their success. This article will first identify possible obstacles, then offer answers, look into opportunities, and last map out a clear path to success in order to give such a strategy.

Approximately 80% of the industrial sector in India consists of highly skilled MSMEs in technology-related industries. Their antiquated technology and restricted operational scalability provide difficulties, though. MSMEs, or micro, small, and medium-sized enterprises, are critical to the advancement of global social and economic development. MSMEs, which account for up to 90% of all businesses globally, are the driving force behind many innovations that support economic growth at the national level by generating jobs, investments, and exports. They are essential in promoting fair income distribution and lowering poverty in developing nations. MSMEs consistently make up a sizeable portion of businesses worldwide, notwithstanding country-specific variations in their percentage of overall employment.

Anil Bhardwaj, Secretary General of the Federation of Indian Small and Medium Enterprises (FISME), highlights that most SMEs lack the financial and technical capabilities of bigger enterprises, on which they often rely to identify and evaluate suitable technological solutions.

In this case, MSMEs primarily need access to state-of-the-art technologies. Apart from challenging financial conditions, other impediments to the expansion of MSMEs encompass inadequate research and development expenditures, insufficient technical personnel, inflexibility in adapting to evolving trade trends, limited management capabilities, and limited availability of technological expertise.

II. DEFINITION AND IMPORTANCE OF MSMES

The Micro, Small, and Medium Enterprises Development (MSMED) Act of 2006 categorizes Indian MSMEs into classes according to the amount of money they invest in equipment and plant. This statute provides definitions for small, medium, and micro companies. Micro firms, for instance, are those that invest up to Rs. 10 lakh (\$14,000 USD) in equipment for service organizations and up to Rs. 1 crore (\$140,000 USD) in plant and machinery for manufacturing facilities. Small manufacturing enterprises can invest anywhere from Rs. 1 crore to Rs. 10 crore (\$140,000 to \$1.4 million USD), whereas service businesses can invest anywhere from Rs. 10 lakh to Rs. 2 crore (\$14,000 to \$280,000 USD). Nonetheless, businesses that are categorized as medium-sized may be divided into two groups: producers who spend between Rs. 10 crore and

Rs. 50 crore (\$1.4 million and \$7 million USD) and suppliers who spend between Rs. 2 crore and Rs. 5 crore (\$280,000 and \$700,000 USD) on equipment.

However, the Indian Union Cabinet decided on May 13, 2020, to replace the investment in plant and machinery requirement for MSMEs with "annual turnover." This adjustment is intended to provide MSMEs more autonomy and ensure that adopting cutting-edge technology won't have negative effects on them. Under the new method, MSMEs will be categorized according to their annual turnover instead of their asset investment.

Micro Enterprises: turnover every year of up to Rs. 5 crore (\$700,000 USD)

Small Enterprises: Annual income in US dollars ranging from Rs. 5 crore to Rs. 75 crore, or \$700,000 to \$10 million.

Medium Enterprises: between Rs. 75 crore and Rs. 250 crore (about \$10 million to \$35 million USD) in yearly turnover.

Importance of MSMEs

The Ministry of State for Micro, Small, and Medium Enterprises (2022) and LinkedIn (n.d.) both assert that MSMEs are critical to the Indian economy. In 2020–21, their portion of the nation's manufacturing output was 35.98 percent, a modest decrease from 36.68 percent in 2019–20. Moreover, MSMEs make up over 30% of India's GDP, demonstrating their significance to the country's economy. One of their greatest achievements to date is the creation of jobs for almost 111 million people (Ministry of State for Micro, Small, and Medium Enterprises, 2022). MSMEs are also recognized for fostering entrepreneurship and innovation, which are often initiated by lone individuals or small groups with innovative ideas but little resources (Business Today, 2022).

Despite their importance, MSMEs are usually the ones affected by crises the most. To increase the sector, a few initiatives are required, such increasing digitization. Union Minister Nitin Gadkari emphasized the need of digitization in government systems, manufacturing processes, marketing, and other areas. Furthermore, he stressed that the appropriate software will be needed for MSMEs to undergo a digital transition (The Economic Times, 2021).

III. CURRENT STATUS OF MSMES IN INDIA

50% of India's exports, 95% of its industrial units, 30% of its GDP, and other significant economic components are accounted for by Micro, Small, and Medium-Sized Enterprises (MSMEs) (indbiz.gov.in, 2020). These companies are crucial to the modernization and employment creation in rural communities. In response to the pandemic, the government has

implemented many measures, including business continuity plans and loans for MSMEs that don't need collateral or guarantees. Big private sector players like Walmart and Amazon have initiated supplier development programmes in an effort to support small businesses even more. Examples of modern technology being utilised to provide MSMEs specific working capital solutions are artificial intelligence (AI) and machine learning. Additionally, the study highlights the growth of e-commerce, alternative finance sources, and payment choices for MSMEs, as well as how the coronavirus has fundamentally altered corporate operations. According to Srikanth and Suresh's research from 2022, statutory restrictions on assets have limited the growth potential of MSMEs in India. The government has introduced a new policy adjustment in an attempt to promote growth: the Special Credit Linked Capital Subsidy Scheme for MSMEs in the services sector. This scheme gives a 25% capital subsidy for the acquisition of service equipment through institutional credit.

India's economy depends heavily on the MSME sector, which employs 110 million people and contributes over 30% of GDP and 40% of exports. MSMEs require more productive production factors in order to accelerate their development. Modern technology, a robust culture of entrepreneurship, easy access to capital, infrastructural assistance, labour changes that are business-friendly, streamlined tax laws, and advantageous land acquisition policies are some of these components. MSMEs will be able to expand their service offerings and exports by utilising these new legislations. According to Tyagi (2022), the MSME sector in India consisted of 5,767,734 businesses as of November 26, 2021. Microenterprises made up 5,441,220 of these firms, with small and mid-sized businesses following at 293,555 and 32,959, respectively. These companies accounted for almost 25% of the service sector's GDP, 40% of all exports, and 29% of India's GDP. The industry's success is attributed to factors including accessible finance, technology, encouraging foreign direct investments, and beneficial industrial policies. To support the sector's growth, the Indian government has introduced a variety of initiatives, including as the PMEGP, CGTMSE, Interest Subvention Scheme, and CLCSS.

With a focus on the MSME sector, the government's Atmanirbhar Bharat Abhiyaan plan seeks to stimulate the economy. This strategy includes six significant improvements: zero-collateral automatic loans, MSMEs' subordinate debt, equity injection through the MSME Fund of Funds, a revised definition of MSMEs, a ban on foreign tenders for projects up to Rs 200 crores, and additional MSMEs support programmes. These activities concentrate on the significant impacts of the COVID-19 pandemic on India's MSME sector, which is critical to the nation's economic development and job generation.

In May 2020, the distinction between services and manufacturing was eliminated from the

definition of MSMEs, and a composite criterion based on investment in plant and machinery/equipment and annual turnover was added. MSMEs are essential to the Indian economy; although they only directly contribute 6.11% of the GDP, they account for 33.4% of the nation's manufacturing output, 24.63% of its GDP from services, and a significant portion of its employment creation.

The primary force behind India's economic growth, employment creation, and export expansion is widely recognised to be the MSME sector's capacity to provide substantial job opportunities. By launching their own firms, companies in this sector give young people affordable new work alternatives. MSMEs also serve as essential auxiliary sectors for larger companies by providing related services, raw materials, and necessary parts. Because of this, the MSME sector is vital to the success of initiatives like "Make in India" and plays a significant part in the country's economic structure.

IV. CHALLENGES FACED BY MSMEs IN INDIA

Access to Finance: Even though Rajamani (2022) does not address specific barriers, the research highlights that MSMEs in India face a number of challenges when trying to obtain finance. However, Singh (2016) points out that the two biggest issues facing entrepreneurs are a lack of financial literacy and a lack of collateral. Uddin (2022) asserts that company characteristics are crucial for securing investment, and that raising capital is particularly challenging for service firms. Sugiarto (2018) lists several barriers to MSME growth in India, including financial, infrastructural, technological, human resource, and quality-related difficulties. According to every study, MSMEs in India have significant financing challenges related to collateral, financial literacy, and company features. Solving these issues is necessary to promote the growth and success of MSMEs.

The challenges Indian MSMEs have in obtaining finance have been highlighted by several studies, some of which approach the topic from diverse perspectives. According to Lokhande (2011), one of the biggest barriers to MSMEs' success is their difficulty to acquire funding, given their crucial role in economic growth. Conversely, Muduli (2022) argues that the COVID-19 pandemic presents the most challenge to MSMEs due of its catastrophic consequences. Muduli's research indicates that the pandemic has changed cash flows, created a labor shortage, disrupted supplier networks, and decreased demand, making it harder for MSMEs to get funding. According to Lokhande, MSMEs also have to cope with problems including pricey finance, a lack of collateral, and challenging application processes.

Problems regarding the Raw Material: Selecting the right raw materials is one of the main

issues MSMEs face. The issue of scarce raw materials has resulted in severe shortages, excessively high prices, and poor quality. Furthermore, the complete lockdown makes raw materials unavailable.

Underutilization of Capacity Issue: Several studies show that small and micro enterprises usually don't make the most of their resources. The All India Census of Small-Scale Industries revealed that MSMEs were only employing 50–60% of their capacity, which is a major underutilization of resources.

Marketing & Sales: According to recent study, Indian MSMEs are unable to enter foreign markets due to a number of tariff and non-tariff restrictions. Singh (2019) highlights the difficulties in putting technical developments into practice, while Lahiri (2019) highlights their battle to forge distinctive brand identities. Furthermore, Srinivasan (2015) notes a number of impediments to their sales capacity, such as rivalry, budgetary limitations, and they have to modify their manufacturing and marketing plans. The collective results indicate that MSMEs' marketing and sales endeavours are severely impeded by these problems.

Technology Adoption: According to research, MSMEs in India have major challenges with technology. For Punjab's MSMEs to successfully use technology, Singh (2018) emphasised the need of understanding current procedures and employing experienced advisors; Singh (2019) listed obstacles as insufficient expertise and a lack of professional help. Compatibility issues with equipment and worries about employment losses are other barriers to the broad adoption of technology. Dangmei (2017) proposed P-CMM (People Capability Maturity Model) as a potential solution. P-CMM is a progressive technique to enhancing people practices in modern businesses.

Lack of Skilled Manpower: Several studies show that Indian MSMEs have difficulty hiring and retaining skilled workers. Singh (2019) emphasises that a factor in this problem is the dearth of incentives and advantages provided by MSMEs. While Dangmei (2017) emphasises the difficulties in locating employees with the required knowledge and experience, Katyal (2015) highlights the high cost of employee training and the difficulty in providing competitive remuneration and benefits. Sharma (2015) establishes a connection between unfavourable working conditions and insufficient training chances and low performance indicators.

Regulatory Compliance: Kale and Girbane (2021) claim that small businesses in India are disproportionately impacted by regulatory compliance since they are responsible for managing about 364 compliances every year. Over 1,500 Acts, 69,000 compliances, and over 6,000 annual filings are applicable to Indian businesses, according to Avantis Regtech, a subsidiary of

TeamLease. Industry representatives have discussed the proposed National Ease of Doing Business Policy for 2019, which aims to lessen the burden of compliance, and have recommended specific actions to simplify these rules.

Infrastructure: The lack of basic utilities like power, water, transportation, and telecommunications is one of the infrastructure-related issues that MSMEs in India face, according to Srinivasan (2019). The major problem of restricted access to information and communication technology (ICT) is highlighted by Singh (2018). According to Sharma (2015), the main obstacles to infrastructure are limited finance availability, inadequate energy and transportation resources, and a lack of appropriate land and buildings. Furthermore, one of the biggest challenges facing MSMEs, according to Biswas (2015), is the absence of physical infrastructure, such as ports, highways, bridges, and transportation facilities.

V. OPPORTUNITIES AVAILABLE TO MSMES IN INDIA

Governmental Support: The Indian government has started a number of initiatives to promote the growth of MSMEs in the country. One such initiative that serves as a consolidated centre for MSME registration and support access is the Udyam Registration Portal. Veena (2020) highlights that MSMEs must register on this platform in order to be eligible for government assistance and subsidies. Maiti (2018) also highlights the substantial potential that government efforts in the finance sector, together with other financial sources including existing banks, have to promote MSMEs. Through the implementation of beneficial laws and ongoing improvements to the MSME financing regulatory framework, the government is creating an environment that is conducive to the expansion of small enterprises. The government has thus started a variety of programmes to aid in the expansion of MSMEs. Examples include the Technology Upgrade and Quality Certification (TUF) programme and the Market Access Initiative (MAI), both of which aim to promote innovation and facilitate exports.

Implementing the PLI programme: The Indian government introduced the ₹1.97 lakh crore Productivity Linked Incentive Scheme to assist thirteen industrial sectors in enhancing their export and production capabilities and capitalising on the advantages of Made in India. Furthermore, the government has instituted three programmes aimed at encouraging the automotive sector to produce electric vehicles in order to reduce greenhouse gas emissions, decrease reliance on foreign fuel, and stimulate economic growth.

Encouraging Start – ups: India now has 94 unicorns, and the number is growing. India provides a multitude of cash choices as well as unicorn firms. To encourage innovation, it is essential to remove bureaucratic obstacles and provide MSMEs with the appropriate incentives.

Discounts: The Credit Guarantee Trust Fund Scheme provides MSMEs with access to bank overdraft capabilities at a reduced interest rate.

Communications: With an estimated 10% annual growth rate, India is predicted to rank as the world's second-largest telecom market by 2022. To help MSMEs find work, the Self Reliant Scheme promotes homegrown manufacturing of telecom networking equipment. Enabling local production of such equipment is likely to lead to manufacturing cost reductions, given India's large demand for mobile devices and related commodities.

Payment for upgrading technology: The CLCSS offers capital subsidies to Micro, Small, and Medium-Sized Enterprises (MSMEs) to support their technical advancements. The potential offered by micro, small, and medium-sized enterprises (MSMEs) is what drives India's overall growth. Despite challenges, this business has expanded greatly, creating a vast number of work opportunities across the nation. With support from the public and government, it is anticipated that this company will continue to grow rapidly in the next decades.

Innovation: The critical role that creativity and innovation play in boosting MSMEs' competitiveness and success has been highlighted by a number of studies. According to Julyanthry (2022), endeavours and accomplishments have a good impact on innovation and give a competitive advantage. Through sustainability, knowledge-sharing, and open networks, Carvalho (2021) connects innovation to competitiveness, whereas Octasylyva (2022) emphasises the importance of innovation in improving MSME performance. Furthermore, Julyanthry (2021) argues that by acting as a mediator between these elements and competitive advantage, market focus and entrepreneurial acumen may encourage innovation. This emphasises how crucial innovation is to MSMEs' ability to compete.

Export Potential: In his essay "Exports: India's Window of Opportunity," Amitabh Kant emphasises the importance of exports for micro, small, and medium-sized enterprises (MSMEs) in India, claiming that these firms are vital to the nation's economic growth. Kant highlights the MSMEs' huge potential to increase employment and exports from India. The author proposes that MSMEs should adopt novel technologies, foster creativity, elevate the standard of quality, and explore untapped markets to capitalise on the increasing global demand for Indian products and services. Kant also highlights the ways in which the government can support MSME exports by easing financial access, simplifying rules, and enhancing infrastructure.

Exploring Green Technologies' Development and Effects in the Modern World:

The Ministry of Micro, Small & Medium Enterprises (n.d.) published a paper titled "Examining the Evolution and Importance of Sustainable Technologies in the Contemporary Era," which

emphasises the Indian government's commitment to achieving sustainable development while fostering economic growth and social inclusion. As part of this policy, a conscious effort is made to encourage MSMEs to embrace green technology. Given their vital role in creating jobs and industrial output, MSMEs need assistance in implementing eco-friendly technology to lessen their impact on the environment. To help MSMEs through this transition, the government has started a variety of programmes and programmes aimed at promoting sustainable business practices and stimulating MSMEs' development. Notable examples are the labor-intensive MSMEs Coir Board and Khadi and Village Industries Commission (KVIC), which promote environmental sustainability. The trend of corporations becoming environmentally conscious organisations is gaining momentum due to the growing number of opportunities generated by technology, models, and procedures.

VI. SUGGESTIONS FOR MSMEs TO OVERCOME CHALLENGES AND TAKE ADVANTAGE OF OPPORTUNITIES

MSMEs are essential to India's economy because of their significant contributions to GDP expansion and job creation. Despite this, they encounter certain challenges that keep them from developing further. Consequently, the ideas that follow provide practical strategies for resolving these problems and seizing the opportunities that arise. Globalisation has led to a greater distribution of production among nations and businesses in terms of commodities and services. Major players in the value chain are introducing a new working approach that combines traditional suppliers, distributors, and partners at different levels. Small and medium-sized enterprises, or SMEs, are adapting to this shift. In recent years, SMEs have changed from traditional regional producers to global partners.

- **Availability of funds**

To increase their financial accessibility, MSMEs should look into alternative capital acquisition channels including venture capital, angel investing, and crowdfunding. Several government initiatives, such as the MSME Credit Card and the Credit Guarantee Fund Scheme, have been created to assist with this. Additionally, by putting in place robust financial management practices, maintaining correct accounting records, and establishing a solid credit history, MSMEs may increase their likelihood of obtaining loans.

- **Sales and marketing**

To assist MSMEs in entering international markets, government initiatives like the Market Assistance Scheme have also been put into place. MSMEs should invest heavily in digital

marketing campaigns to increase the size of their client base, prioritise developing a strong brand identity, and do in-depth market research to identify their target demographic and demands.

- **Adoption of Technology**

MSMEs can work with technology suppliers to integrate state-of-the-art technologies into their operations, fund employee training initiatives, and enhance staff competency to manage the challenges of introducing new technology. Furthermore, the government has introduced many programmes, such as the Technology Upgrade Fund Scheme, to help MSMEs adopt technology.

- **Skilled employees**

MSMEs can provide incentives such as competitive pay, perks, and training opportunities to attract and retain competent workers. A government effort called the Pradhan Mantri Kaushal Vikas Yojana aims to improve and modernise labourers' abilities.

- **Adherence to regulations**

MSMEs can handle regulatory compliance by outsourcing compliance-related tasks, optimising workflows, and seeking advice from specialists for informed guidance. Moreover, the government's Ease of Doing Business programme aims to greatly streamline MSMEs' regulatory compliance processes.

- **Deficits in infrastructure**

MSMEs can further reduce costs by collaborating with other companies to share infrastructure. The Micro and Small Enterprises-Cluster Development Programme is one of the government initiatives that aims to improve infrastructure and give access to essential services.

(A) Strategies for Improving Access to Finance and Credit

One potential obstacle to the growth and competitiveness of MSMEs in India might be a lack of capital or loans. People may overcome this challenge, though, by using a variety of strategies to increase their financial and credit accessibility. Here are some ideas to support them in their endeavour.

- Establishing a strong credit history is necessary for MSMEs to qualify for loans with advantageous terms, which call for consistent repayments and foster lender confidence.
- MSMEs have the opportunity to enhance their capital access and capitalise on market development opportunities through the use of government initiatives, subsidies, and tax incentives.

- In order to negotiate better terms and conditions when buying financial commodities, MSMEs need to maintain strong relationships with banks and other financial institutions.
- MSMEs can find finance alternatives without the requirement for collateral or through conventional banking channels by looking at alternative funding sources including crowdsourcing, venture capital, and angel investing.
- MSMEs may use digital platforms to apply for loans, communicate with lenders, and simplify processes, which can speed up and streamline project financing.
- Increasing MSMEs' financial literacy can help them make better decisions, comprehend a greater variety of financial products and terms, and increase their chances of obtaining loans with favourable terms.

(B) Techniques to Enhance Regulatory Compliance and Accept New Technology

To be competitive and expand their businesses, MSMEs in today's fast-paced, dynamic business world must adopt new technology and follow regulations. The following recommendations are designed to help MSMEs improve how they use technology and comply with regulations:

- Selecting the Appropriate Technology for MSMEs

MSMEs have to choose the technological solution that best fits their particular needs. This may be achieved by doing in-depth research, consulting with industry experts or peers, and choosing the technology that best suits their operating requirements.

- Putting Funds into Training the Workforce to Increase Technology Adoption

MSMEs are advised to spend money on staff training to optimise the integration of new technologies and ease concerns about potential job loss. Depending on the resources available, employee training sessions may be conducted internally or by outside providers.

- Establishing a Framework for Regulatory Compliance in MSMEs

MSMEs must create a regulatory compliance framework to ensure adherence to pertinent laws. Regular audits and inspections are essential components of this structure, since they identify problem areas and lower the risk of legal recourse.

- Appointing a Compliance Officer to Improve Regulatory Compliance Efficiency

If a compliance officer is assigned, MSMEs' regulatory compliance procedures could work better. This individual would be responsible for maintaining the organization's regulatory compliance framework and ensuring that all relevant regulations are adhered to.

- Using Technology to Automate Regulatory Compliance for MSMEs

MSMEs may decide to use technology to automate their regulatory compliance procedures. Numerous software applications are available to assist firms in staying current with regulations and adhering to pertinent laws.

(C) Techniques for Increasing Market Access and Investigating Export Possibilities

MSMEs in India have the opportunity to expand their companies and boost their revenue by looking into export opportunities and strengthening their market presence. However, firms may encounter issues such as tariffs and non-tariff barriers that impede their entry into international markets, requiring the implementation of specific strategies to overcome these challenges.

- Market research being carried out for MSMEs

To grasp customer demand and expand into new markets, MSMEs need do market research. Obtaining assistance from governmental organisations or outside professionals may help guarantee that this procedure is completed effectively.

- Developing a Strong Brand Image for MSMEs

In competitive markets, MSMEs may boost customer loyalty by creating a unique brand identity that consists of elements including a standout logo, packaging, and marketing strategy. They are better able to engage their target audience and differentiate themselves from competitors as a result.

- Taking Part in Exhibitions and Trade Fairs for MSMEs

MSMEs may decide to take part in displays and trade events as a means of networking with other companies, meeting potential clients and partners, staying up to date on industry advancements, and receiving insightful guidance from subject matter experts.

- Making the Most of E-Commerce Platforms for MSMEs

MSMEs may expand their customer base beyond regional boundaries and get a larger market share in global marketplaces by leveraging e-commerce platforms. They can accomplish this by setting up their own websites or by offering their products for sale on reputable e-commerce sites. This approach offers a profitable and successful expansion strategy.

- Government Assistance for MSMEs' Export Pursuits

The Indian government supports MSMEs through initiatives like the Export Promotion Council and the Directorate General of Foreign Trade. These programmes benefit businesses by reducing expenses, simplifying regulations, and enhancing export-related infrastructure.

VII. CONCLUSION

In summary, one of the main drivers of India's economy is the MSME sector, which significantly boosts GDP, exports, and industrial activity. However, MSMEs do face challenges such limited access to money, skilled personnel, infrastructure, and technology. The government has introduced several policies and schemes, like as tax incentives, subsidies, and collateral-free loans, to support MSMEs. Additionally, the business sector has begun empowering initiatives. Business procedures have fundamentally changed as a result of the advent of digital technology, e-commerce platforms, and alternative financing options. This has made it easier for MSMEs to get funding and grow their businesses. With the removal of the distinction between manufacturing and services in the most recent update to the MSME definition, growth in the sector is expected to accelerate. Improving MSMEs' services, increasing exports, and promoting economic growth all depend heavily on supporting these sectors of the economy. It is anticipated that new policy initiatives like the Special Credit Linked Capital Subsidy Scheme and the Atmanirbhar Bharat Abhiyaan would assist MSMEs in growing and overcoming challenges. When provided the appropriate resources and support, MSMEs has the ability to propel economic growth and advancement.

The global reorganisation of production due to heightened outsourcing presents paradoxical challenges for owners of small and medium-sized enterprises. Flexible operations provide several opportunities for SMEs, particularly in the specialty goods and services sector. Nevertheless, they are acknowledging their flaws, which include low levels of innovation, minimal working capital, inadequate financial and managerial resources, and insufficient personnel training.

VIII. REFERENCES

1. Ministry of State for Micro Small and Medium Enterprises. (2022, July 15). Micro, Small, and Medium Enterprises (MSMEs) in India: An Explainer. India Briefing. <https://www.india-briefing.com/news/micro-small-medium-enterprises-india-explainer-17887.html>
2. Sharma, R. (2022, February 17). What needs to be done to strengthen MSMEs, the economy's backbone. Business Today. <https://www.businesstoday.in/magazine/30th-anniversary-special/story/what-needs-to-be-done-to-strengthen-msmes-the-economys-backbone-321698-2022-02-17>
3. Economic Times. (2021, April 26). Digitalization can help MSMEs get effective marketing and management: Gadkari. The Economic Times. <https://economictimes.indiatimes.com/small-biz/sme-sector/digitalization-can-help-msmes-get-effective-marketing-and-management-gadkari/articleshow/82158205.cms>
4. Aggarwal, R. (2021, March 18). The purpose, characteristics, and importance of MSME in India. LinkedIn. [https://www.linkedin.com/pulse/purpose-characteristics-importance-msme-india-Government of India. \(2006\). Micro, Small and Medium Enterprises Development \(MSMED\) Act.https://samadhaan.msme.gov.in/WriteReadData/DocumentFile/MSMED2006act.pdf](https://www.linkedin.com/pulse/purpose-characteristics-importance-msme-india-Government of India. (2006). Micro, Small and Medium Enterprises Development (MSMED) Act.https://samadhaan.msme.gov.in/WriteReadData/DocumentFile/MSMED2006act.pdf)
5. Ministry of Micro, Small & Medium Enterprises. (2021). MSME Schemes. <https://msme.gov.in/schemes/msme-schemes>
6. The Economic Times. (2020, May 14). Cabinet approves new definition of MSMEs, hikes investment limit. <https://economictimes.indiatimes.com/small-biz/sme-sector/cabinet-approves-new-definition-of-msme-turnover-for-medium-enterprise-increased-to-rs-250-crore/articleshow/76132935.cms>
7. CNBC-TV18. (n.d.). Andhra Pradesh MSME count increases by 60% in four years. Retrieved from <https://www.cnbcv18.com/economy/andhra-pradesh-msme-count-increases-by-60-pc-in-four-years-16069451.htm>
8. Kumar, B. A., & Saravanan, R. (2020). Importance and performance of micro, small and medium enterprises in Chittoor district of Andhra Pradesh, India. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3568268
9. Lahiri, S. (2019). Building sustainable brand identity for MSMEs in India. International

Journal of Research in Marketing Management and Sales, 1(2), 12-24.

10. Srinivasan, R. (2015). Challenges faced by MSMEs in India. *International Journal of Research in Management, Economics and Commerce*, 5(3), 28-34.
11. Biswas, A. (2015). Opportunities and Constraints for Indian MSMEs. *International Journal of Management, IT and Engineering*, 5(1), 50-68. Corpus ID: 167740573.
12. Singh, D., Khamba, J. S., & Nanda, T. (2018). Problems and prospects of Indian MSMEs: a literature review. *International Journal of Business Excellence*, 15(1), 1-23. doi: 10.1504/IJBEX.2018.10013052
13. Julyanthry, J., Sudirman, A., & Tarsito, A. (2021). MSME Competitive Advantages Reviewed from Entrepreneurship Insight and Market Orientation Aspects with Innovation as a Medium. *Journal of Management and Business Innovation*, 10(2), 159-170. <https://doi.org/10.34006/jmbi.v10i2.306>
14. Srikanth, R., & Suresh, K. (2022, January 03). MSMEs: Engines of growth for new India. *The Hindu Business Line*. <https://www.thehindubusinessline.com/opinion/msmesengines-of-growth-for-new-india/article38101722.ece>
15. Ministry of Micro, Small & Medium Enterprises. (n.d.). MSMEs are Engines Our Economy Achieve Sustainable Development. <https://msme.gov.in/msmes-are-engines-our-economyachieve-sustainable-developmen>
16. Csneha Jolly. (2020, June 22). MSME Sector-Lifeline of Indian Economy. TaxGuru. <https://taxguru.in/corporate-law/msme-sector-lifeline-indian-economy.htm>
