



“A Transformative Exploration on The Competitiveness Of MSMEs And Their Competitive Edge”

Under Guidance of
Dr. Richa Tiwari (Mentor – PCL)
Bhumi Murarka, Het Patel, Somali Chatterjee, Ria Saklecha

ABSTRACT

KEYWORDS: SMEs, Diversity, Enterprise, Workplace Innovation, Ecosystem.

Small and Medium Enterprises (SMEs) form the cornerstone of economies globally, contributing significantly to economic growth, job creation, and innovation. This study provides a detailed exploration of the SME (www.academia.edu) sector, with a specific focus on India, post the revised MSME definitions in June 2020. The research encompasses an in-depth review of SME characteristics, their pivotal role in economic ecosystems, and the challenges faced by these enterprises.

SMEs in India are characterized by their modest scale in terms of both workforce and financial resources, yet they wield substantial influence and make significant contributions to economic development. The revised classification criteria based on turnover and investment have widened the scope for businesses to qualify as MSMEs, fostering an environment conducive to their growth.

Diversity is a hallmark of SMEs, from manufacturing companies to technology start-ups. They operate locally, regionally and even globally, demonstrating their adaptability and reach. These companies are productive, workplaces, supporting innovation and providing resilience in the face of economic uncertainty. Government and financial institution play a key role in supporting SMEs through policies, training and access to finance essential to their prosperity.

Highlighting the sector's ability to adapt to changing consumer behavior. Access to finance remains a major challenge for many SMEs, forcing financial institutions and fintech companies to offer tailored solutions. Sustainability and social responsibility are becoming increasingly important, with ethical and environmentally friendly practices providing a competitive advantage.

SME clustering and continuous learning are recognized strategies for increasing competitiveness and innovation in the industry. SMEs are increasingly integrated into global supply chains, creating opportunities for expansion but also requiring compliance with international standards for regulations. Simplifying the regulatory framework is a priority of the Indian government to make it easier for SMEs to do business.

Indian SMEs play a key role in economic development thanks to their entrepreneurial spirit and resilience. Despite the challenges of access to finance and the complexity of regulation, their contribution is essential. Government initiatives like Make in India and Digital India, along with exports promotion and business facilitation programs, play a key role in developing a thriving SME ecosystem in India.

INTRODUCTION

The backbone of numerous economies across the globe are medium-sized and small-scale firms, or MSMEs. Small and medium-sized enterprises (SMEs) are important to the growth and development of any economy, including India's. In India's industrial landscape, small and medium-sized firms (SMEs) are essential because they promote innovation, job creation, and inclusive growth.

These businesses are distinguished by their small size in terms of personnel and financial resources, but they nevertheless have a big impact and make a big contribution to the expansion and growth of the economy. The Indian government updated the definition of MSMEs in June 2020 to give them greater advantages and assistance. More businesses will be able to qualify as MSMEs after June 2020, when the MSME categorization will be based on both turnover and investment in plant machinery or equipment.

The amount of money invested in machinery and/or equipment determines the definition of a SME in India. The SME category includes manufacturing enterprises with investments up to INR 25 crore (about \$3.4 million) and services companies with investments up to INR 10 crore (about \$1.4 million). Based on their personnel and turnover, businesses are further divided into categories. Innovation and adaptability are two of the core traits of small and medium-sized enterprises (SMEs) in India. They are able to adjust to changing market demands because of their modest size.

The precise requirements for designating a company as a micro, small, or enterprise (MSME) might differ between nations **and may** (blog.hubspot.com) include things like the number of employees, annual revenue, asset value, and independence from larger firms. Generally speaking, MSMEs encourage entrepreneurship by giving people the chance to fulfill their entrepreneurial goals with comparatively fewer financial obstacles than larger companies, and by employing a comparatively small workforce with less physical assets.

MSMEs are unique in that they can operate in a wide range of sectors, including manufacturing, agriculture, services, and technology start-ups. It's not required for MSMEs to merely operate locally; in fact, depending on their scope and capabilities, MSMEs may operate locally, regionally, or even globally.

They are important to economies because they provide a lot of jobs, encourage competition and innovation, offer resilience in the face of economic uncertainty, add to economic diversity, and support entrepreneurship. These attributes make them essential to economies around the globe. These crucial characteristics of MSMEs highlight their significance beyond their size and highlight their critical role in global economic ecosystems. Policies and programs to promote MSMEs are frequently implemented by the government and financial institutions. By providing access to funding, training, and other resources, these initiatives seek to foster the expansion and development of small businesses in recognition of their position as catalysts for economic prosperity.

Digitalization has emerged as a critical area of concentration for MSMEs in recent years. In the digital age, many have adopted technology like cloud computing, e-commerce, and digital marketing to increase productivity, broaden their clientele, and maintain their competitiveness.

In order to adjust to shifting consumer behaviour, MSMEs adopted digital technologies and online platforms at an even faster rate after the COVID-19 pandemic. Even while many governments actively encourage MSMEs to participate in international trade these days, many MSMEs sectors still face significant challenges when it comes to financing access. In an effort to close this gap, a number of financial institutions and fintech businesses have started providing specialized financial products such as microloans, peer-to-peer lending, and digital payment systems. In an effort to improve the MSMEs sector's access to financing, the Indian government has also supported credit guarantee programs.

In the MSME sector, social responsibility and sustainability are becoming more and more important. Initiatives for export promotion and trade facilitation, such as market access assistance, export subsidies, and trade fairs, are implemented to assist MSMEs in entering international markets.

Concerns about ethics and the environment are common among investors and customers. For instance, MSMEs that implement sustainable practices, such as fair labour standards or eco-friendly production, might attract ethical customers and earn a competitive edge.

Organizing MSMEs into clusters within particular industries or geographic areas is a tactic that promotes knowledge sharing and cooperation between enterprises that are comparable to one another. Government support is frequently provided to these clusters in order to boost innovation and competition inside the organization. For MSMEs to expand, ongoing education and skill development are essential. To give MSMEs and their employees the tools they need to prosper in a business environment that is changing quickly, a number of government and industry associations offer workshops, training programs, and online resources.

MSMEs are becoming more and more integrated into international supply chains, serving as partners and suppliers to larger companies. While globalization presents growth prospects, it also necessitates conforming to global norms and laws. For MSMEs, navigating the complicated regulatory environment can provide serious hurdles. In an effort to facilitate these enterprises' operations and (www.tripadvisor.com) compliance with legal requirements, the Indian government is attempting to streamline and simplify laws. MSMEs frequently have a significant impact on inclusive growth by giving marginalized groups opportunity and boosting the local economy in rural areas.

India's SMEs are well known for their spirit of entrepreneurship and have made substantial contributions to the advancement of technology and encouragement of innovation in a wide range of industries. It serves as a breeding ground for creative ideas and fosters an environment that welcomes experimentation and taking risks. Despite their significant contributions, SMEs in India confront a variety of challenges to their growth and sustainability. Access to financing is one of the largest issues SMEs deal with, particularly when it comes to obtaining working capital and long-term investment.

Smaller firms face lending anxiety from banks and other financial institutions due to concerns about their creditworthiness and lack of security. Their restricted access to funding limits their ability to invest in cutting-edge technology and expand their company. The shortfall of skilled labour is an issue for SMEs, or small and medium-sized enterprises. Occasionally find it difficult to keep skilled employees on staff due to a lack of ability to offer competitive salary and benefits.

SMEs are extremely important to the Indian economy. They employ about 40% of the workers and (digitalrepository.trincoll.edu) make up about 45% of the industrial business as a whole. Additionally, SMEs make up about 30% of India's GDP (GDP) net residential product. By providing employment opportunities, this sector stimulates overall growth, particularly in rural areas where large-scale enterprises are uncommon.

For SMEs, higher administrative burden and compliance expenses might act as a barrier to expansion and entry, which lowers their overall competitiveness. Navigating through many regulations is made more difficult for them by the regulatory environment, which is complex and often burdensome. Notwithstanding these challenges, India's SMEs have benefits that may contribute to their success.

In order to encourage cottage manufacturing, the "Make in India" campaign was introduced in 2014, with an emphasis on small and medium-sized businesses. This activity helps trade and encourages foreign direct investment. These groups give small and medium-sized businesses access to the market, networking opportunities, and training programs that help them become more (www.verywell.com) capable and competitive. The Indian government unveiled the "Atmanirbhar Bharat Package" in May 2020 as a response to the economic difficulties brought on by the COVID-19 pandemic. This package involves a number of (www.verywell.com) initiatives aimed at assisting MSMEs. These comprised equity infusion, a credit guarantee program, and loans without collateral.

In the MSME sector, there has been an increasing focus on digital transformation. To encourage MSMEs to use digital technology for e-commerce and company operations, a number of initiatives and programs have been put into place. Initiatives like the "Export Credit Insurance Scheme" and the "Nriyat Rin Vikas Yojana" have been introduced to increase exports from the MSME sector by offering financial support and export credit insurance. [The Indian government has been \(edizionicafoscari.unive.it\)](#) attempting to make it easier for MSMEs to conduct business. To make the registration process for MSMEs easier, initiatives like the "Udyam Registration" portal have been introduced.

REVIEW OF LITERATURE

Manickam (2023) suggests that an entrepreneurship-focused education system should be [implemented at the school level](#). [Analysis of the MSME sector in India \(intellegrow.com\)](#) shows positive relationships between various factors such as production, sales and exports. However, challenges remain such as lack of procedure, financing, infrastructure and technology adoption in the SME sector. The government has launched programs to support its development, but these have yet to be developed. Despite these challenges, the country continues to make significant contributions to production, sales and exports.

Gamage and Ekanayake's (2020) focus on an entrepreneurship- oriented education system should be [implemented at the school level \(doi.org\)](#) and [\(ojs.pensamultimedia.it\)](#) government agencies and educational institutions should take responsibility for implementation. However, a significant relationship was found between villages industries sales and sales in the khadi sector and exports of coconut and coconut products. The [Government of India \(edizionicafoscari.unive.it\)](#) has also introduced several programs to promote growth and development in the these sectors additionally, reports from 2019 suggest that terrorism has a significant negative impact on domestic investment, with a 1% increase in terrorism resulting in a 0.039% decrease in domestic investment. The US-China trade war has also led to US companies moving their supply chains out of China. Terrorism and religious conflicts pose global economic challenges and negatively impact all types of businesses.

Chene (2021) recommended that educational institutions work together to improve policies and measures for [small and medium enterprise \(intellegrow.com\)](#) development. In additional, efforts should be made to promote scientific and technological innovation, increase the competitiveness of SMEs and optimize their industrial structure

Nick Taylor (2020) focused on the role of managers in shaping SMEs innovation investments in terms of perceived environmental value, resource management capacity and organizational control, influencing the level of SME's innovation investments. It found that the return of capital employed (ROCE) of soft marketing companies was systematically lower that a marketing-oriented companies. This observation establishes a direct connection between marketing activities and commercial performance

Lama (2018) noted that government policies should help small and medium- sized enterprises improved their efficiency and competitiveness in the market economy. [In order to \(edizionicafoscari.unive.it\)](#) avoid serious problems in small and medium- sized companies, it is recommended to promote new approaches [such as the \(intellegrow.com\)](#) cluster approach or the use of business associations. It is important to prioritize [the development of \(edizionicafoscari.unive.it\)](#) conducive policies, a conducive operating environment, adequate infrastructure, peace and security, [access to finance, \(intellegrow.com\)](#) effective governance and technology. The modern is suitable for small and medium- sized companies

The (www.coursehero.com) International Finance Corporation (2012) highlighted India's focus on supporting [micro, small and medium enterprises in \(intellegrow.com\)](#) their transitional from local to global markets. Since most of these SMEs [are \(disciplinas.stoa.usp.br\)](#) located in rural areas, they are expected to [play an important role in \(doi.org\)](#) building in self- reliant India. The impact of recent change in the definition of MSMEs on their economic performance remains to be studied, [but they are \(doi.org\)](#) expected to lead to an increase in production, employment, product variety and opportunity, investments and exports. The empirical analysis shows a strong positive [correlation between variables such as \(doi.org\)](#) MSME units' production, employment and investment, suggesting a long term cointegration relationship.

However, due to the covid- 19 pandemic, many SMEs are currently having difficulties accessing finance and marketing their products. These companies struggle to cover their expense such as salaries bills, taxes and loan. To address these issues, the government need to set up a monitoring system and take immediate relief measures to boost confidence [in the sector. \(intellegrow.com\)](#) Initiative such as Make in India and Digital India will also be useful, as will promoting connectivity to electronic markets and increasing tax incentives for small and medium enterprises. The government should take various measures to supports and empower Indian [small and medium enterprise \(intellegrow.com\)](#) in line with goal of a self- reliant India

Singh (2021), the main goal of small and medium- sized businesses was to ensure consumer satisfaction by developing product that meet their expectation. The sector also offers significant employment opportunities with low startup costs, particularly in the [manufacturing and services industries. \(intellegrow.com\)](#) Additionally, demand for Indian product is expected to increase [in the global market, in which could lead to a \(edizionicafoscari.unive.it\)](#) potential increase in the country's exports.

Marus Eton (2021) examines the role of small and medium- sized enterprises (SMEs) in the economy, focusing on their promotion of interconnectedness and the challenges they face in competing with larger competitors. While previous research has shown that expensive credit is a major obstacle for SMEs, this article suggests that their market difficulties have more to do with their downsizing, [the study also \(intellegrow.com\)](#) found that financial inclusion is important to supports SME growth, but has gaps in terms of cost, ease of use and processing by financial services providers.

Selvam (2020) stated that the role and performance of MSME sectors were examined using secondary data sources, including a percentage approach. This is an estimate of the number of small and medium- sized

companies measured by assets. Over 99% of all estimated small and medium- sized enterprises belong to the sector (intellegrow.com) in which approximately Rs. 630,520,000 enterprises operate. With an estimated Rs. 3.31 Lakh and 0.05 lakh MSMEs, small and medium enterprises (MSMEs) accounted for 0.52% and 0.01% of the estimated MSMEs respectively. Rs. 309 Lakh small and medium enterprises (48.75%) or Rs. 32.488 Lakh MSMEs (51.25%) are located in urban areas out of an estimated number of Rs. 633.88 MSMEs. The distribution of enterprises by social ownership groups controlled about 66.27% of small and medium-sized enterprises. Among them, the majority (497.20%) belongs to OBCs. There were only 12.45 of SC and 4.10% of ST owners of the middle class. Almost 73.67% of MSMEs in rural areas belong to socially disadvantaged groups, of which 51.59% were OBC. Almost 58.68% of the city's residents belong to socially disadvantaged groups of which 47.80% were OBCs.

RESEARCH GAP

The studies mentioned primarily concentrate on the (doi.org) role of government intervention in fostering growth within the Micro, Small, and Medium Enterprises (MSME) sector in (intellegrow.com) India. They emphasize what actions the government should take to stimulate MSME growth but do not delve into the strategies that MSMEs themselves can independently employ to flourish in the Indian market. Moreover, these studies have a specific focus on the export aspect of MSME growth, potentially overlooking other essential facets. Furthermore, it's important to note that these studies are limited in scope as they predominantly revolve around the concept of (edizionicafoscari.unive.it) financial inclusion and its impact on SME growth in a specific context. Lastly, these studies primarily rely on secondary data sources, which may have certain limitations in providing a comprehensive understanding of the intricacies of MSME growth in the Indian market.

RESEARCH METHODOLOGY

This research paper intends to investigate the MSMEs sector of India and the (edizionicafoscari.unive.it) transformation that has been seen in these sectors over the past few years. The main potential of this study is to pinpoint the potential gaps in the Indian MSME sector. The study (intellegrow.com) is descriptive in nature and based on secondary data. Relevant information has been collected from (www.trp.org.in) various research papers, journals, and magazines of national and international publications, various issues of RBI, annual reports from the Ministry of MSME, (intellegrow.com) handbook of statistics of the Indian economy, and websites of both public and private sector banks.

study conducted in Bangalore, India, where the overall population exceeds 1000 individuals, a targeted population of 170 was selected for investigation. To achieve this, survey sampling was employed as the primary methodology for data collection. Within this framework, systematic sampling was chosen as the specific sample design to ensure a structured and consistent approach in selecting participants from the larger population. This method facilitated an organized and efficient way to gather data from the targeted subset, providing valuable insights relevant to the study's objectives. • Source of data:

1. primary data: through structured questionnaire

2. Secondary data: Systematic sampling

• Tools used: Questionnaires, Percentage analysis

1) Research Design: This study will combine quantitative and qualitative data using a mixed methods research technique. While focus groups and interviews will provide the qualitative data, a survey will be used to collect the quantitative data. To obtain comprehensive information about the year-over-year transformation of the MSME sector, this (intellegrow.com) approach is necessary.

2) Data collection: The study will make use of both secondary data from document evaluations and primary data from a survey questionnaire. The survey questionnaire will have both closed-ended and open-ended questions to provide respondents the chance to submit further information.

• **Survey questionnaires:** In this case, we have prepared a series of inquiries for the respondents to respond to. These online-distributed questions included improvements that the MSME sector (intellegrow.com) had embraced as well as (doi.org) government measures and their impact on the industry.

• **Secondary Data Analysis:** This technique comprises the examination of data that has already been collected by other investigators. There may be reports, surveys, and other published materials about the MSME sectors. Analysis of secondary data gives the research paper a more comprehensive perspective and background.

3) Data analysis: The examination of the data will employ both qualitative and quantitative approaches. For the quantitative data, we will use both descriptive and inferential statistics, such as regression and correlation analysis. The qualitative data, on the other hand, will be examined using theme analysis. By utilizing both qualitative and quantitative data, we will be (edizionicafoscari.unive.it) able to draw inferences from both numerical and narrative data, which will increase the accuracy and dependability of the study's findings.

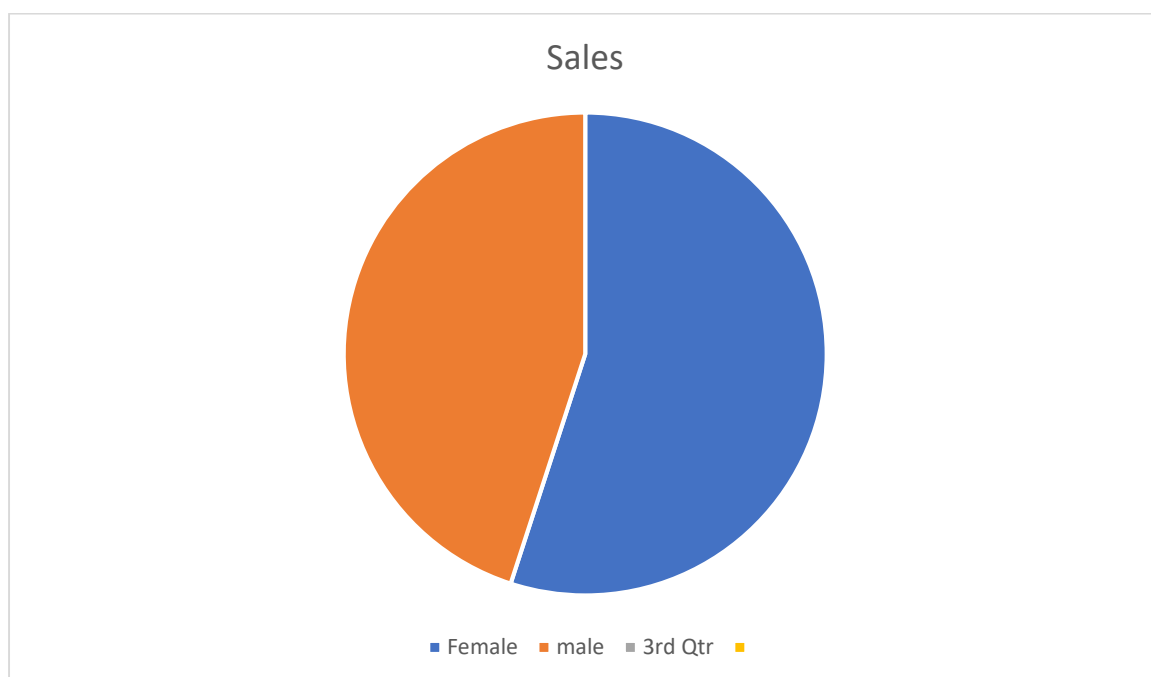
4) Statistical tools: We employed regression analysis, mean average, and correlation percentage analysis under this procedure. Since correlation in statistics examines the extent to which two or more variables move together, mean is, as we all know, a measure of central tendency. It will include looking at the connections between a number of (doi.org) factors pertaining to the transformation of the MSME sector. Regression analysis would allow us to

examine the relative contributions of each variable to the MSME (intellegrow.com) sector's transformation as well as (doi.org) the interactions between these elements.

5) **Sampling techniques:** One research method called "SNOWBALL SAMPLING" involves choosing a starting group of participants and asking them to recommend others to whom they would be interested in participating in a study. This sampling methodology is commonly employed when finding participants using traditional methods is challenging. To identify individuals who might be seeking change in the context of (doi.org) MSME, with a focus on India, snowball sampling could be a (edizionicafoscari.unive.it) useful tactic. Researchers can identify volunteers who work in the MSME sector and wish to see changes in the MSME sector (intellegrow.com) by using snowball sampling. For a study on MSME sector we find a varied group of participants by using snowball sampling in India. This method can also assist academics in learning more about how these applications are adopted and used in Indian context, which is useful for policy makers context and the creators of such sectors. Snowball sampling has inherent limits and could not be completely representative of the population.

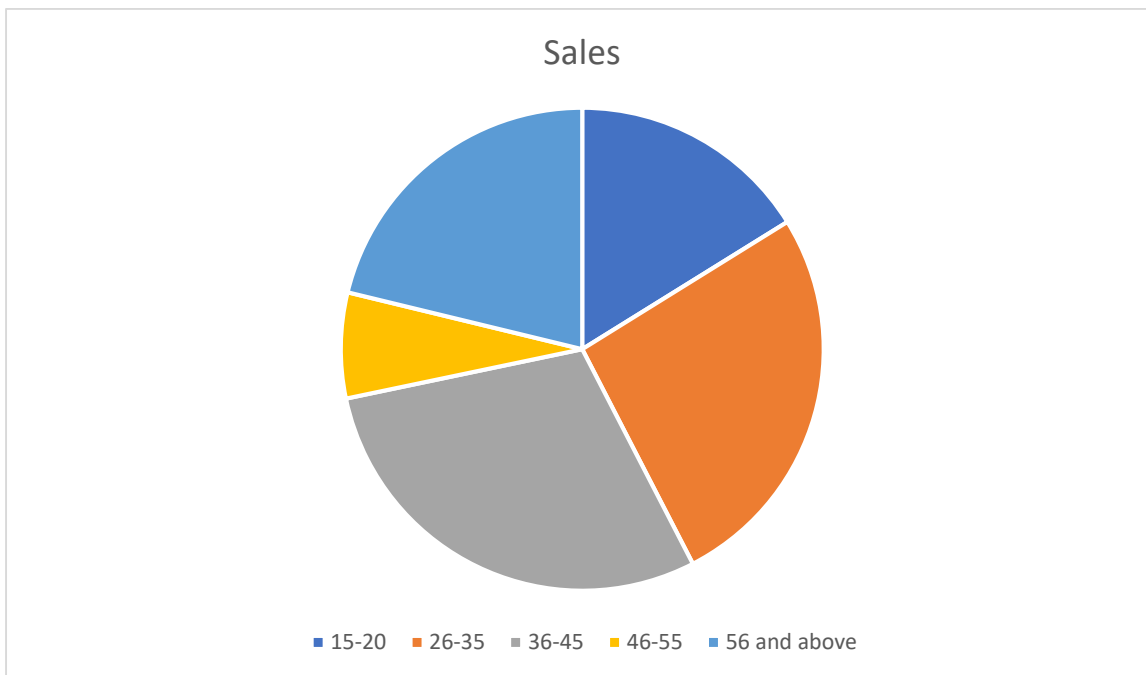
6) **Area of Research:** The respondents will only be allowed to answer questions inside the boundaries of the Indian Nation, which may have differing economic, geographical, or cultural traits.

Interpretation



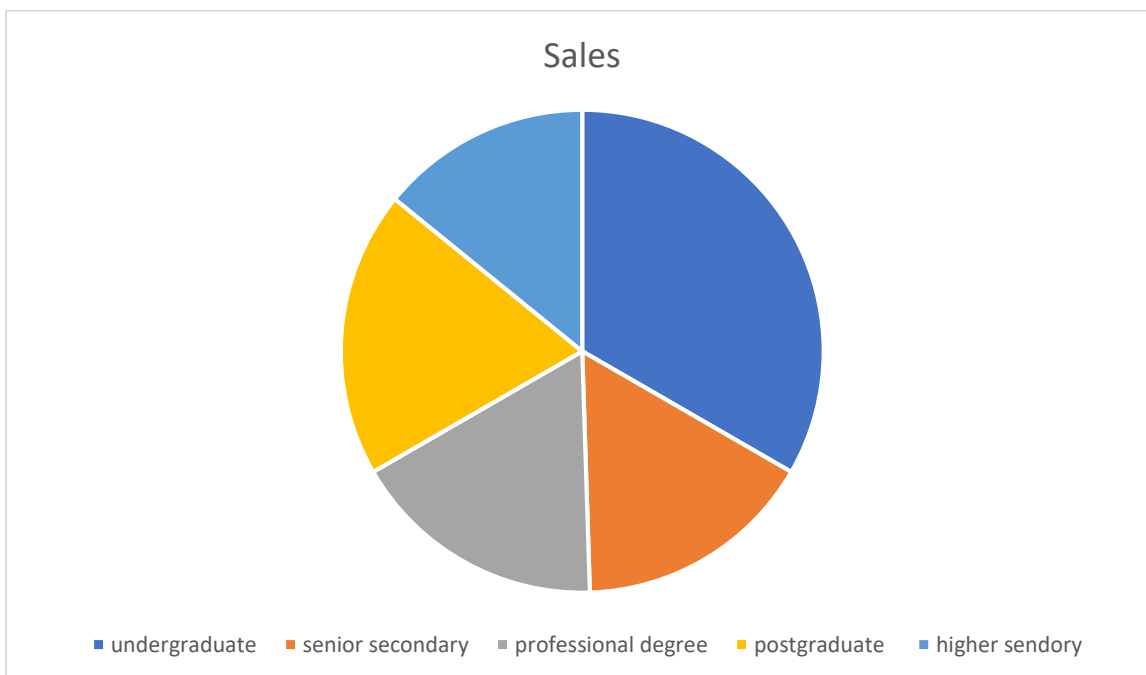
Interpretation:

he gender distribution among respondents included (doi.org) in the study. (edizionicafoscari.unive.it) It (www.neo-n.com) is evident that there were 56 female respondents, accounting for approximately 56.86% of the total, (intellegrow.com) while male respondents numbered 43, constituting about 43.14% of the sample.



Interpretation:

The provided data illustrates the age distribution of respondents across different age brackets. Among them, 16 respondents fall within the 15 to 25 age range, possibly comprising students, recent graduates, or young professionals. A larger group of 26 respondents belongs to the 26 to 35 age bracket, likely representing individuals in the early stages of their careers or furthering their education. The 36 to 45 age category includes 29 respondents, indicating a significant presence of mid-career professionals or individuals pursuing advanced education. A smaller cohort of 7 respondents falls within the 46 to 55 age range, possibly representing seasoned professionals or those contemplating career transitions. Finally, 21 respondents are aged 56 and above, likely including retirees or individuals pursuing lifelong learning opportunities.



Interpretation:

The breakdown reveals various educational stages among respondents: 33 are pursuing their initial university degree (Undergraduate), indicating a significant focus on higher education. Meanwhile, 16 have completed secondary education (Senior Secondary) but not yet entered university, constituting a smaller transitional group. 17

respondents hold professional or doctoral degrees (Profession/Doctoral Degree), reflecting specialized expertise. Additionally, 19 are pursuing postgraduate qualifications (Postgraduate), showing a substantial interest in advanced studies after completing their undergraduate degrees. Finally, 14 respondents are in or have recently completed secondary education (Higher Secondary), representing a smaller cohort at this foundational level. This diverse distribution highlights the range of educational pursuits and achievements within the respondent pool.

FINDINGS AND DISUSSION

Employee Training shows a strong positive correlation with the value of 0.703 and 0.769 regarding the growth, feedback, and technological advancement underscoring the importance of investing in human capital development to enhance organizational capabilities. Also, a paper published by [Sri Indarti in \(www.ijirset.com\)](#) International Journal of Organization Analysis suggests that education and training as well feedback provided by the SOEs to the MSMEs sector may not give a positive contribution to the business growth but it helps to determine the positive attitude of an employee towards organization. Also, a paper published in International Journal of Scientific and Research publication suggests that only 32 % **companies offer both on the Job training & off the job training which is very much required for technical jobs.**

Service Offerings demonstrates strong positive correlations with 0.733 regarding growth, employee satisfaction and technological advancement highlighting it's role in delivering value to customers and sustaining competitive advantage.

Economic crisis demonstrates strong positive correlations with value of 0.724 , 0.736 , 0.649 and 0.682 regarding various factors such as growth, government support, and local economy, indicating its pervasive impact on business environments and the need for adaptive strategies during downturns. Also paper published by [Tulus T. H. Tambunan](#) had proven that” With a simple linear regression model with only two variables, namely, **the percentage (www.rassweb.com)** of real GDP growth as the independent variable and the percentage growth of the number of MSMEs as the dependent variable, **it shows that both variables have a strong correlation.** The R^2 is 0.76, which means that 76% of **variation of the dependent variable (eprints.utar.edu.my)** **is explained by the independent (www.rassweb.com)** variable, whereas the remaining 24% cannot be explained by this model. Therefore, no matter how the **coefficient of determination (www.rassweb.com)** is measured, the suitability of the model is relatively high.”

Competition exhibits strong positive correlation with value of 0.556 , 0.655 and 0.592 Regarding growth, collaboration, and employee satisfaction, emphasizing the need for organizations to adapt to competitive pressures and foster collaborative strategies.

A correlation coefficient of 0.654 signifies a positive correlation between MSME growth, indicating that as MSMEs expand, so does their impact. In his 2013 article **"Role of micro, small and medium enterprises in inclusive growth," (docplayer.net)** Srinivas underscores MSMEs as the country's growth engine, demonstrating significant changes at national and state levels. Constituting over 90% of total enterprises in many economies, MSMEs drive employment growth and contribute substantially to industrial production and exports. Their positive influence on employment, production, and exports highlights their crucial role in India's economic development. While MSMEs face formidable challenges, they possess resilience, essential for surmounting obstacles and fostering sustained growth.

The correlation values 0.721, 0.634, 0.654, 0.691, 0.708, 0.776 all show that there is a positive relationship and the technical advancements made by MSMEs. There is a significant positive impact of digitization and technological advancement on the performance of MSMEs. This suggests that embracing digitization and technological advancements is crucial for the growth and success of MSMEs in the Indian context. The factors contributing to the technological advancement skilled manpower, government policy, collaboration.

The correlation coefficient between Local Economy and Employee Satisfaction is 0.240. The correlation coefficient of 0.240 suggests a weak positive correlation between local economy and employee satisfaction. This indicates that there may be some association between the economic conditions of the local area and the satisfaction levels of employees, but the relationship is not very strong. It's important to note that employee satisfaction is influenced by various factors beyond just the local economy, such as job roles, workplace culture, and management practices. Therefore, while economic conditions can play a role, they are not the sole determinant of employee satisfaction. Furthermore, it's essential to recognize that employee satisfaction is not solely determined by external factors but also by individual perceptions, personal values, and intrinsic motivators. Employees may derive satisfaction from factors such as recognition, meaningful work, autonomy, and opportunities for skill development.

Additionally, organizational initiatives aimed at enhancing employee engagement, fostering a sense of belonging, and promoting employee well-being can have a significant impact on overall satisfaction levels, irrespective of the local economic conditions. By investing in employee development programs, providing avenues for feedback and employee involvement, and prioritizing employee health and wellness, organizations can create a supportive and fulfilling work environment that contributes to higher levels of employee satisfaction and productivity.

FUTURE RESEARCH SCOPE:

To get around this restriction, future research could consider expanding to more diverse samples that include back-end workers and replicating this study using several firms from various industries. The idea still has to be investigated, particularly in the MSME FIELD.

RESEARCH OBJECTIVES

- . To evaluate the role that SMEs play in the Indian economy's inclusive growth, innovation, and job creation.
- To assess how the sector's development has been affected by the updated MSME definitions that the Indian government published in June 2020.
- To investigate the diversity and flexibility of SMEs in a range of sectors, such as start-ups in technology, manufacturing, services, and agriculture.
- Will examine the difficulties SMEs in India confront, paying special attention to issues including funding availability, employee retention, and regulatory compliance

ANALYSIS

Small and Medium Enterprises (SMEs) play a crucial role in the Indian economy. Here's an analysis of their significance, challenges, and trends:

Significance:

1. **Employment Generation:** SMEs are a significant source of employment, providing jobs to a large portion of the population, especially in rural areas.
2. **Contribution to GDP:** SMEs contribute around 30% to India's GDP, showcasing their economic importance.
3. **Innovation:** Many SMEs are innovative and agile, contributing to technological advancements in various sectors.

Challenges:

1. **Access to Finance:** SMEs often struggle to access adequate funding, limiting their growth potential.
2. **Regulatory Compliance:** Complex regulations and paperwork can be burdensome for SMEs, hindering their operations.
3. **Infrastructure:** Lack of modern infrastructure, particularly in rural areas, can limit the growth of SMEs.
4. **Technology Adoption:** Many SMEs still lag in adopting modern technology and digitalization, which can improve efficiency and competitiveness.

Trends:

1. **Digital Transformation:** The COVID-19 pandemic accelerated digital adoption among SMEs, promoting online sales, remote work, and automation.
2. **Government Initiatives:** The Indian government has launched several schemes like "Make in India" and "Digital India" to support SMEs and encourage local manufacturing.
3. **E-commerce Boom:** SMEs are increasingly leveraging e-commerce platforms to expand their market reach, both domestically and internationally.
4. **Export Opportunities:** The focus on exporting Indian products and services has opened up new avenues for SMEs to expand globally.
5. **Sustainability:** There's a growing emphasis on sustainability, with SMEs exploring eco-friendly practices to meet consumer demands.

DIRECTED CONCLUSION

In conclusion, the MSMEs sector plays a pivotal role in the economic development of many countries. Research on this sector should be continued to explore avenues for improving access to finance, enhancing technological adoption, and promoting policies that foster its growth. Additionally, examining the sector's resilience in the face of economic shocks and its contribution to employment generation are important research directions. Understanding the challenges and opportunities in the MSME sector is essential for crafting effective policies and strategies to support its sustainable development. MSMEs are nimble, adaptive, and

often deeply rooted in their communities, which makes them central actors in both emerging and established economies. Research efforts in this domain have unveiled several key areas of focus for the future. One crucial area for future research pertain n to the employment dynamics within the MSME sector. As economies evolve and technological advancement reshape industries, understanding how MSMEs continues to crate jobs and ensure sustainable livelihoods is of paramount importance. Exploring the linkage between MSME growth and job opportunities as well as the impact of labour policies on their operations can offer valuable insights for policymakers and business leaders.

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ANNEXURE: QUESTIONNAIRE

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