



A Comparative Study on MSME Sector at Urban And Rural Area In India, in the Aftermath of Covid-19 Pandemic (*Special Measure Under Atmanirbhar Bharat Abhiyaan*)

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ABSTRACT

In the aftermath of COVID-19 pandemic, initiative taken by Government of India, to acknowledge the role of MSMEs in building an economic booster by generating employment in rural area of our Nation.

Keywords - MSME, Atmanirbhar Bharat

Introduction

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly energetic and lively sector of the Indian economy over the last five decades. It contributes considerably in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as supplementary units and this sector contributes significantly in the inclusive industrial development of the country. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global market.

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified as below:

1. A micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover doesn't exceed five crore rupees;
2. A little enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover doesn't exceed fifty crore rupees; and
3. A medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

The new classification has inherited effect from 1st July, 2020. The earlier criterion of classification of MSMEs under MSMED Act, 2006 was based on investment in plant and machinery / equipment. It was different for manufacturing and services units. It was also very low in terms of financial limits. Since then, the economy has undergone significant changes. A revision in MSME criteria of classification was announced in the Atmanirbhar Bharat package on 13th May, 2020. This has been done in order to be realistic with time and to establish an objective system of classification and to provide ease of doing business.

Special measure under Atmanirbhar Bharat Abhiyaan

In the aftermath of COVID-19 pandemic, Hon'ble Prime Minister was quick to acknowledge the role of MSMEs in building the Nation. As such, MSMEs formed a really prominent part of the announcements made under the Atmanirbhar Bharat Abhiyaan. Under this package, the MSME sector has not only been given substantial allocation but has also been accorded priority in implementation of the measures to revive the economy. To provide immediate relief to MSME sector, various announcements are made under the Package.

In line with Government of India's top focus on energising MSMEs in the country, The Ministry of MSME is focusing on all aspects, in addition to the existing credit related schemes and other announcements, the following two announcements were made under the Atmanirbhar Bharat Package to

provide better access to finance for MSMEs:

Rs 20,000 crores Subordinate Debt for Stressed MSMEs:

- ✚ Government of India will provide a support of Rs. 4,000 Cr. to Credit Guarantee Trust for Micro and Small Enterprise. It will make provisioning of Rs 20,000 crore as subordinate debt to supply equity support to the stressed MSMEs.
- ✚ Credit Guarantee Scheme for Subordinate Debt (CGSSD) for Stressed MSMEs has been Finalized and Launched on 24th June, 2020. As on 31.12.2020 12 banks have been extended guarantees amounting of Rs. 17.66 crore to 178 borrowers. Rs 50,000 cr. Equity infusion for MSMEs through Fund of Funds
- ✚ On 13th May 2020, Hon'ble minister of finance announcement a Fund of Fund for MSMEs Scheme, this will infuse Rs. 50,000 crore for MSMEs as Equity for MSME. This will establish a framework to assist MSMEs in capacity augmentation. This will also provide a chance for MSMEs to urge listed available exchanges. Ministry of MSME has approved and issued the Guidelines on Self-reliant India (SRI) Fund scheme. NSIC Venture Capital Fund Ltd., a subsidiary company of National Small Industry Corporation Ltd. (NSIC) incorporated under Companies Act 2013. It has been identify as SPV for Fund of Funds.
- ✚ SBI Cap Ventures Ltd and Khaitan and Company has been selected as Fund Manager/ Asset Management Company and Legal Advisor for SRI Fund Ministry is taking further steps for operationalisation of the fund of Funds. The SRI Fund scheme is in initial stage of implementation. These initiatives will help in attracting investments as Debt as well as Equity and creating more jobs in the MSME sector.

Objective of the study

Micro, Small & Medium Sector has a potential to strengthen the socio-economic growth of the nation by providing solution to the unemployment problem of the country at local or not?

Research Methodology

- Collection of secondary data from Annual Report -2020-21 Government of India Ministry of Micro, Small and Medium Enterprises Udyog Bhavan, New Delhi – 110011
website: www.msme.gov.in
- Analysis of data by graph and charts by Ms- excel
- Comparative study of secondary data by histogram with standard deviation by Minitab-14

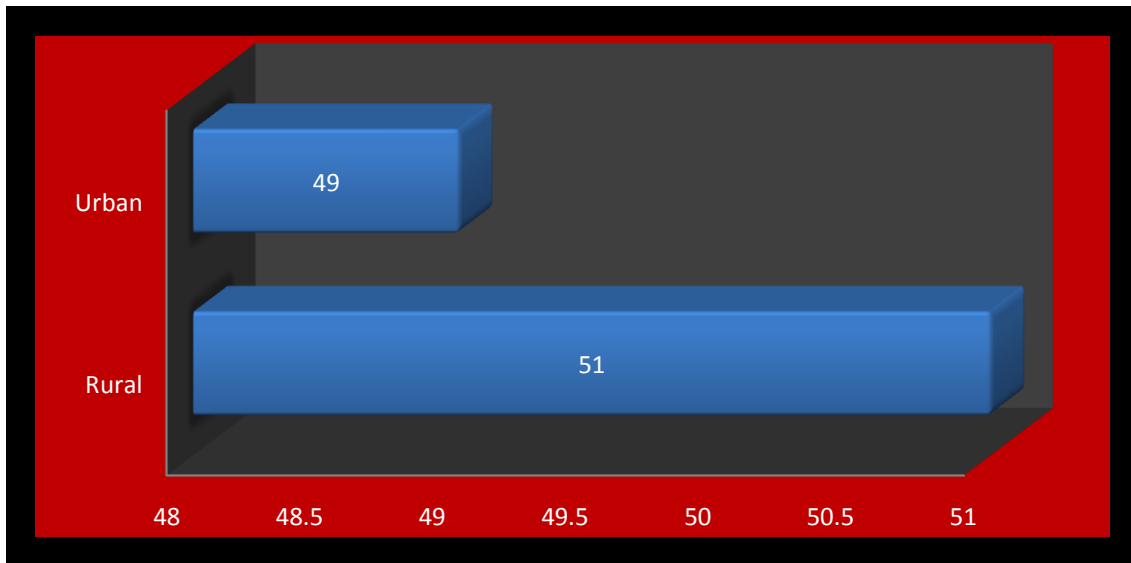
Analysis of secondary data -

Table- 1 Distribution of Enterprises (Rural and Urban area wise)

(Numbers in lakh)

Sector	Micro	Small	Medium	Total	Share (%)
Rural	324.09	0.78	0.01	324.88	51
Urban	306.43	2.53	0.04	309.00	49
All	630.52	3.31	0.05	633.88	100

Graph -1



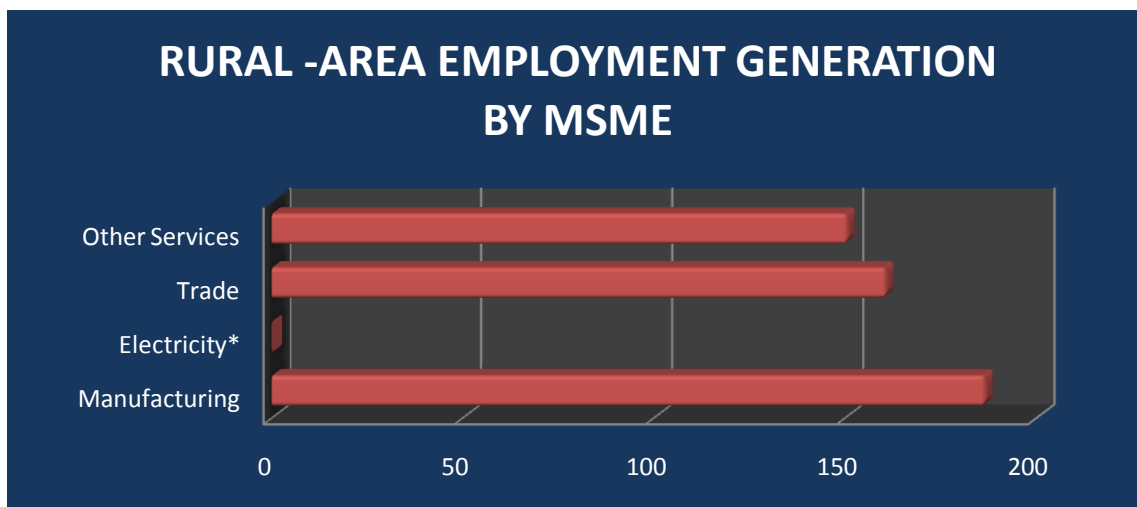
According to the above Table-1, Graph-1 we can find out that MSME sectors provide a tremendous socio-economic change as an important ingredients for employment generation platform by volume of Distribution of Enterprises (Rural and Urban area wise) , in the rural area MSME sector provide a tremendous growth of business enterprises comparing urban area.

Table - 2 Estimated Employment in the MSME Sector (Activity Wise)

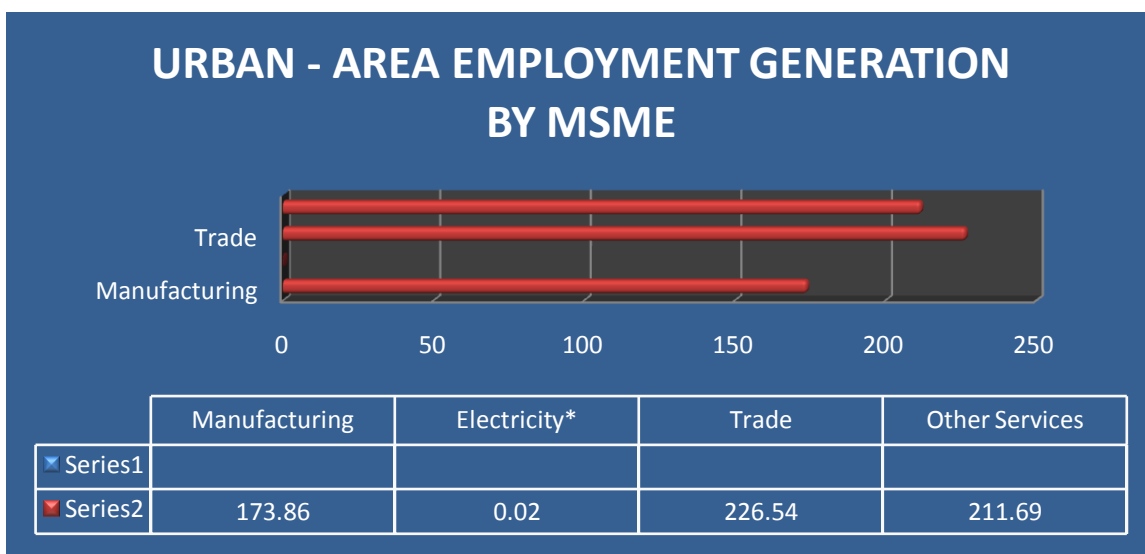
Broad Activity Category	Employment (in lakh)			Share (%)
	Rural	Urban	Total	
Manufacturing	186.56	173.86	360.41	32
Electricity*	0.06	0.02	0.07	0
Trade	160.64	226.54	387.18	35
Other Services	150.53	211.69	362.22	33
All	497.78	612.10	1109.89	100

*Non-captive electricity generation and transmission

Graph -2

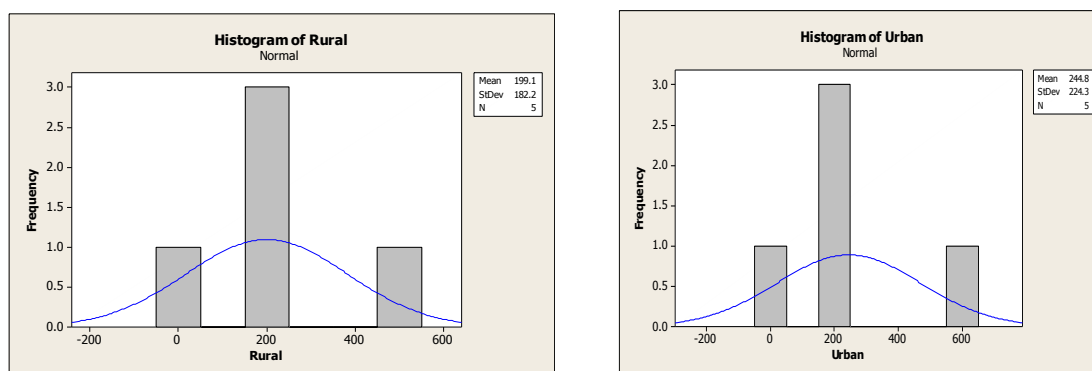


Graph-3



Basically according to the table -2 , graph- 2&3 we can say that in manufacturing ,trade electricity, and other services at rural area provide a better performance of employment generation sector ,comparing with urban area.

Graph -4



According to Graph - 4 the comparison of standards deviation of MSME sectors in rural and urban area ,we found that the S.D. of rural area is 182.2 and S.D. of urban area is 244.8 .

Therefore if the standard deviation is small, then this tells us that the results are close to the mean, whereas if the standard deviation is large, then the results are more spread out. so rural India is far better employment generator in India in covid-19 pandemic situation comparing with urban area.

Conclusion

we can conclude that , In the aftermath of COVID-19 pandemic, initiative taken by Government of India , to acknowledge the role of MSMEs in building as an economic booster by generating employment in rural area of our Nation. As such, MSMEs formed a really prominent part of the announcements made under the Atmanirbhar Bharat Abhiyaan.

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