STATUS OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) IN WEST BENGAL
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ABSTRACT

Another name of Micro, Small, and Medium Enterprises (MSME) is “Engine of Economic Growth of India”. Therefore, it can be said that the MSME has played a significant role in the Indian economy. In India as well as in West Bengal, the quantity of resources has been increased, huge employment has been created, the amount of exports has increased more than before through MSME. And not only that, in West Bengal, it has also been possible to eliminate regional imbalances through Income and Employment generation. The Govt. of India and also the Govt. of West Bengal have taken many initiatives scheme for this MSME.

The main objective of this study is to focus on the present scenario & Performance of MSME in West Bengal and highlight the incentives schemes provided by the State Government. Simple bar charts have been used in this study and are absolutely based totally on secondary (or auxiliary) records, which is to be had from different annual reviews of the Ministry of MSME govt. of India just as government of West Bengal.

Keywords: MSME, Income and Employment generation, Growth & Performances.

I. INTRODUCTION

MSME has been a major pillar of economic development in developing India. MSM has not only provided employment opportunities but also industrial opportunities in rural and backward areas. As a result, there has been a proper distribution of national Income and Wealth. MSME is the second largest sector after the agricultural sector in India. There are a total of about 633.88 lakh MSMEs in India through which about 11.10 lakh (45% in rural area and balance 55% in urban area) jobs have been created.

MEANING OF MSME

According to the Micro Small and Medium Enterprises Development Act 2006, MSME were mainly divided into two sectors, one is the Manufacturing sector and another service sector. All these departments (sectors) complete their activities through storage in plant, equipment and machinery. That MSME’s classification is described below – Previous MSME Classification(MSMED Act 2006): Earlier, according to the Law, MSMEs were divided into two parts according to their Investment one is the Manufacturing sector and another is the Service sector. The manufacturing departments that have invested up to Rs. 25 lakh in plant and machinery are called Micro Sector, those whose investment is more than 25 lakhs but less than five crores are called Small Sector, and those whose investment is more than 5 crore but less than 10 crores are called Medium Sector. Besides, from the service sector, investment up to Rs.10 lakh is called Micro Sector, more than Rs. 10 lakh but less than 2 crores are called Small Sector and invest more than 2 crores but less than 5 crores is called Medium Sector. But now the above-mentioned distribution system has completely disappeared. Now the new definition of MSME has been approved by the Union Cabinet. The manufacturing and service sectors that were part of this new definition have all gone up and now the manufacturing and service sectors have come together and in this case, the investment and turnover limit has been changed.

<table>
<thead>
<tr>
<th>Classification (types)</th>
<th>Micro sectors</th>
<th>Small Sectors</th>
<th>Medium sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing &amp; services</td>
<td>Investment up to 1 crore And Turnover up to 5 crore</td>
<td>Investment up to 10 crore And Turnover up to 50 crore</td>
<td>Investment up to 50 crore And Turnover up to 250 crore</td>
</tr>
</tbody>
</table>
II. ANALYTICAL FRAMEWORK

Review of Literature

Manna, Mistri (2017) This study shows how regional imbalance has been reduced by increasing job opportunities and what's the current situation in India. And it shows how the states in India are divided according to MSME’s registration and their trends are completely different.

Ghosh (2020) from this study it is understood that the biggest advantage of MSME is employment generation and how significant MSMEs are in the Indian economy. All the encouraging projects launched by the state government are known from this study.

Sen, Salim (2016) this study shows how regional disparity has been created in different districts of West Bengal and there are various problems in making this MSME in West Bengal such as problem of making plan and showing of product, problems of stuffing, lacking foundation facilities, excessive price of credit etc.

Ganguly (2013) found in his the importance of MSME in the economy of the govt. of West Bengal. He also showed how increasing the number of resources, employment generation, export through MSMEs, and also West Bengal’s MSME are facing the problem.

III. OBJECTIVES

The main objective of this study is to focus on the current scenario & Performance of MSME and explain the significance of MSMEs & highlight the various incentive project of the govt. of West Bengal.

IV. METHODS

This whole study was made on the basis of secondary data. These data were found in various annual reports from Govt. of India and Govt. of West Bengal. This study has relied more on journals, magazines, Articles, Economic reviews of West Bengal, etc.

V. ANALYSIS

STATUS OF MSME IN INDIA

The MSME contribution to the Indian economy is very significant, such as Gross Domestic Product (GDP), Export, and employment generation. These MSMEs have contributed about 30% of GDP. The Govt. of India has come up with some incentive schemes for all these MSMEs, including “Prime Minister's Employment Generation Programme” (PMEGP), MSME's credit score assure trust Fund that is CGTMSE - Collateral Free Credit Provision exclusively For MSMEs,

Micro & Small Enterprises Cluster Development Programmed (MSE-CDP), Procurement And Marketing Support Scheme (P&MS) etc. MSME has created about 11.10 crore jobs as per the National Sample Survey (NSS) 73rd round of 2015-16. There are a total of 633.88 lakh MSMEs in India out of which the MSMEs of the top 10 states are given in below through the graph.

<table>
<thead>
<tr>
<th>SERIAL NUMBER</th>
<th>STATE/UNION TERRITORY</th>
<th>ESTIMATE NUMBER OF SECTORS (OR ENTERPRISES ) (RANGE IN LAKH)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MICRO SECTORS</td>
<td>SMALL SECTORS</td>
</tr>
<tr>
<td>1</td>
<td>UTTAR PRADESH (UP)</td>
<td>89.64</td>
</tr>
<tr>
<td>2</td>
<td>WEST BENGAL (WB)</td>
<td>88.41</td>
</tr>
<tr>
<td>3</td>
<td>TAMIL NADU (TN)</td>
<td>49.27</td>
</tr>
<tr>
<td>4</td>
<td>MAHARASHTRA</td>
<td>47.60</td>
</tr>
<tr>
<td>5</td>
<td>KARNATAK</td>
<td>38.25</td>
</tr>
<tr>
<td>6</td>
<td>BIHAR</td>
<td>34.41</td>
</tr>
<tr>
<td>7</td>
<td>ANDHRA PRADESH (AP)</td>
<td>33.74</td>
</tr>
<tr>
<td>8</td>
<td>GUJARAT</td>
<td>32.67</td>
</tr>
<tr>
<td>9</td>
<td>RAJASTHAN</td>
<td>26.66</td>
</tr>
<tr>
<td>10</td>
<td>MADHYA PRADESH (MP)</td>
<td>26.42</td>
</tr>
</tbody>
</table>

Source: Ministry of Micro, Small and Medium Enterprises (MSME), Govt. of India’s Yearly review 2020-21.
VI. STATUS OF MSME IN WEST BENGAL

The role of MSMEs in providing financial support to the people of West Bengal is immense. So these MSMEs can be called the Backbone of the State’s Economy. There are about 88.67 lakh MSMEs in West Bengal through which 135.52 lakh employment have been created. Over the last few years, The West Bengal Government has been adopting various initiatives policies for maximum development actually focus on socially and economically backward people.

Micro, Small & Medium Enterprises-Development Institute, Kolkata consists of four Branch Institutes covering various districts of West Bengal state besides Nicobar and Andaman Administration. Retail and wholesale businesses have been brought under MSME to provide direct loan assistance. As a result, about 2.5 crore MSMEs will benefit.

**Geographic Information System (GIS)**

![GIS Chart](chart.png)

The state govt. has taken this GIS initiative to make the business environment easier. The state govt. has done GIS mapping of 570 MSMEs in West Bengal. MSME’s Geographical location, infrastructure, Human Resource (HR), and their efficiency can be known through this mapping.

India is the 6th-biggest state in phrases of economic length, had its ‘Gross State domestic Product’ (GSDP) is expected to reach Rs. 14.44 trillion in 2020-21. The average annual GSDP growth rate is about 12.62% between 2015-16 and 2020-21.

**Gross State Domestic Product Growth Rate**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>STATE (W.B) BASIS</th>
<th>ALL INDIA BASIS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agriculture Sectors (%)</td>
<td>Manufacturing Sectors (%)</td>
</tr>
<tr>
<td>1994-2000 (for 6 years)</td>
<td>4.20</td>
<td>7.30</td>
</tr>
<tr>
<td>2000-2010 (for 10 years)</td>
<td>2.40</td>
<td>7.10</td>
</tr>
<tr>
<td>2012-2020 (for 8 years)</td>
<td>3.30</td>
<td>6.6</td>
</tr>
</tbody>
</table>

**Source:** Handbook of RBI.

Some initiatives steps were taken by the State Government

i. Rs. 1,158.40 crore has been allocated to Industries, Commerce, and Enterprises Department In State Budget 2020-21.
ii. The state received an investment of Rs. 4.45 lakh crore in the large industry from five Global Submit organized in the state so far.

iii. As per State Budget 2020-21, the Government of West Bengal has allocated Rs. 260 crore (US$ 36.88 million) to develop information technology and electronics sectors in West Bengal.

**MAJOR ISSUES OF THE MSME SECTOR**

The State govt. is somewhat sympathetic and compassionate for MSMEs, despite these favorable environments for MSMEs in West Bengal, there is some problem face by the MSME.

1) Maximum land are used for Agricultural purpose.
2) Deficiency of sufficient and appropriate credit.
3) Difficulty in using modern technology.
4) Deficits of access to the global markets.
5) Problems of Staffing

West Bengal is an agriculturally dependent state so most of the farmers here are engaged in farming, so they don’t want to give their land to MSMEs. This sector does not get proper credit at the right time because of high transaction costs and Bank doesn’t want to lend due to high risk. Rural area enterprises fail to use modern technology. That’s why they fail to know the market situation and how much demand and price is going on in the market and also fail in information and communication technology. There are many problems in managing MSMEs in the Global Market as they do not compete. West Bengal is an agriculturally dependent state so there are no skilled and suitable employees.

**DIFFERENT TYPES OF INCENTIVE SCHEMES OF THE MINISTRY OF MSME, GOVT. OF WEST BENGAL**

**‘BANGLASHREE’ FOR MICRO, SMALL AND MEDIUM ENTERPRISES**

This scheme shall generally be applicable to all micro, small, and medium enterprises. It could be joint ventures, SHG business, or many Private sectors, those who start producing from the first of April.

Objectives: The main objectives of this scheme are to encourage the formation of MSMEs and creating a legitimate biological system in the MSME segment that can generate new employment, maximize the usage of resources & broaden the zone of operation to create the state that emerges as the MSME pioneer within the nation.

Duration: 1st April 2020 to 31st March 2025.

**‘KARMA SATHI PRAKALPA’**

Any intending or prospective entrepreneur in the age group 18 - 50 years and Minimum Class VIII passed, they can apply. Application for registration under this scheme is completely free and The Application Form may be obtained from BDO, SDO, KMC, MFC

Objectives: To encourage the modern business people of the nation in putting in new manufacturing and businesses segments consisting of services & trading (buying and selling) And Providing opportunities for self-employment in urban areas same as rural areas.

Duration: From notification data that is 9th September 2020 and shall remain in force for a period of three years thereafter.

**‘WEST BENGAL INCENTIVE PLAN 2020’**

The SAIP (Approved Industrial Park), 2020 will be applicable to all accepted Business (or Industrial) Parks setting out after approval of SLEC. This project permitted Industrial Park for Micro, Small, and Medium scales Organizations (MSMEs)

Objectives: The purpose of the project is to provide nation support within the form of fiscal and non-fiscal incentives so that you can empower the private division to installation commercial parks on their personal land with nice infrastructure with the intention to catalyze and sales growth of MSME devices inside the nation, cause technology development, and boost employment technology, and proficiency environmental submission.

Duration: The plot comes into constrain from 16th, September 2020 and shall remain in force for up to 5 years.
VII. CONCLUSION

The role of MSMEs is significant in both developed and developing countries. In this regard, the economic development of West Bengal has taken place over the last five years. The biggest advantage of this sector is huge employment at the low cost of capital. It has been seen that the Govt. of India just as govt. of W.B has placed more emphasis on MSMEs and has launched many initiative schemes to further improve the sector. Because this sector has a role to play in GDP growth. There are many MSMEs who are not aware of all these initiatives schemes so they need to be informed. Despite all these advantages, the disadvantages remain in the inadequate infrastructure, the problem of staffing and planning.

VIII. REFERENCE

[1]. Annual reports of the Ministry of MSME Govt. of India as well as Govt. of West Bengal


