

# Atmanirbhar Bharat Abhiyaan- a move towards advancement of MSMEs

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## Abstract

Atmanirbhar Bharat Abhiyan which decrypt to “ self-reliant India”, “ self-dependent India” and is the main goal of “ making in India” and vital part of this mission enhance the global economy of India and key vision of atmanirbhar bharat lies in sustainable development, self-sufficient and promoted only dependent on our nation product and resources and promoting eco-environment lifecycle of production. Atmanirbhar Bharat main agenda is to support MSME and create good infrastructure for them and encourage MSME for domestic value addition product by all products produced in our country and reduce in use of imported goods. This mission also promoted to MSME produce import substitution good in our nation. The MSME sector is the most-demanded vibrant dynamic and important pillar of the Indian economy. This sector contributes highly employment generation opportunities, social-economic development and also the development of nation backwards and rural areas. The government of India promoted MSME through various atmanirbhar bharat schemes to make the MSME sector attractive and competitive advantage in the national as well as international level by providing skilful entrepreneurs and many types of credit facilities for MSME.

**Keywords:** Atmanirbhar Bharat, MSME, Scheme, Economy, Entrepreneurship, Economic development/Growth, empowerment.

## Introduction

Atma Nirbhar Bharat, which means ‘Self Reliant India’, is the vision of the less dependent on others. The vision has come out at the time of the Covid-19 pandemic in India. It is the vision of the prime minister of India Narendra Modi to make India, ‘Independent India through starting production of all essential items locally’. The mission has started on 13<sup>th</sup> May 2020 with the integral of vocal for local that would be able to produce the products by use of local technology and eventually play a larger role in the global economy by exporting the nation surplus products.

MSME is known as Micro, Small, and Medium Enterprises and is also known as SSIs (Small Scale Industry) and these industries will start a business on a small and micro level to provide services at a large scale. The Micro, Small and Medium Enterprises Development (MSMED) Act in 2006 classified the activity into two ways:

1. **Manufacturing Enterprises** – occupied in the manufacturing/production of goods in any industry
2. **Service Enterprises** – occupied in providing/rendering services

These industries are more labour intensive rather than capital intensive which is why help to enhance more employment. To the development of the Indian economy, MSMEs had been playing an important role and it has contributed immensely to the country’s socio-economic development. It does not only spawn employment opportunities but also works hand-in-hand towards the development of the country backwards and rural areas. In the present scenario of business, micro, small and medium enterprises have been accepted as the engine of growth for promoting equitable development. MSMEs are contributing to the nation’s GDP, manufacturing and exporting activities and it has provided jobs to the people in crore. On the other hand, MSME has faced some problems such as unavailability of raw material, and not having the support of financial and technical assistance from concerning local authorities at the district, state and central level and also include international level.

Then the government has decided to launch Atma Nirbhar Bharat Abhiyan schemes to deal with the poor situations of MSME such as inadequate credit facility, high cost of credit, be short of modern technology, absence of research and innovations and difficult labour laws etc. and they would have to provide benefits like priority lending to cluster financing, exemption from credit facility and taxes relief in exports. It would assist in an online marketplace for MSMEs that is collectively all market participants on a domestic and international level. The government has provided several reliefs to MSMEs in the form of an increase in credit guarantees.

The aim of ‘vocal for local’ is not using only domestically produced goods as it’s focusing on manufacturing alternative products of import goods by another country. The goal of the government plans to achieve and attempt for economic nationalism and it is being used in a situation where a country trying to protect its economy by reducing the number of imports and investments from another country. It is trying to control external relations as

well as internal mobilization by implementing policies relating to domestic control of the economy, labour, and capital formation, even if this requires the imposing of tariffs, quotas and other restrictions on the movement of labour, goods and capital.

The mission has focused on the supply chain of other countries in India and the goal of the government of India is to reduce the supply chain of import goods in India by the other country. The supply chain first broke from China being the first state to get affected by the COVID epidemic. China is a manufacturing hub and hence a crucial link in the supply chain. Since the Pandemic began there, the supply chain across the world has been affected, and countries like India are finding it difficult to make products and services available across. India imports 85 per cent of pharmaceutical ingredients, 55 per cent of electronics, and 27 per cent of automotive parts from China but now the Country is looking for manufacturing local production and local supply chain to come out of this challenging period by initiative Atmanirbhar Bharat.

#### **Review of Literature**

**Dubey & Sahu (2020)** noted that the government had announced Atma Nirbhar Bharat Abhiyan for developing all the entrepreneurs but it has mainly focused on the MSME sector. This mission has taken the step for agriculture base manufacturing activity for the promotion of MSME. However, it will help to create more employment in India and improve their business that's using a natural resource for making their product. The study is based on secondary data and data is collected through articles, websites and news. This is descriptive in nature and qualitative data gathered by the researcher.

**Mehta & Awasthi (2021)** indicated that MSME has been playing a significant role in the Indian economy for financial growth and development. Moreover, about 36.1 million units of micro small and medium enterprises are putting their efforts into making products and it would assist in Indian export for improving. The study has been dependent on secondary data and correlation and regression methods have been used to complete the objectives. Ultimately, MSME engages roughly 6.11% of the manufacturing GDP that is helping to grow the economy.

**Majumder & De** concluded that the government has decided to implement EXIM policy for MSME to enlarge the opportunities and move forward to worldwide level by Atma Nirbhar Bharat Abhiyan and make in India scheme. It would create more awareness and education among people for remaining competitive from another country and promote to take participate in the foreign trade fair. The study is based on secondary data and data is collected by research papers, articles, newspapers etc. with the implementation of EXIM policy helps to step forward from traditional to non-traditional items like MNCs and e-commerce.

**Lal, et al. (2020)** observed that the government of India implemented Atmanirbhar Bharat mission mainly for two significant issues, which are to the advancement of MSME and more dependent on domestic products. The study has been based on secondary data such as websites, articles and research papers. It was based on descriptive in nature and qualitative studies have been used to complete the objectives. The government has taken the step to construct new jobs and improving in export which would help to contribute to GDP.

**Sheikh (2020)** concluded that the government has moved towards a self-reliant India and for achieving the mission MSME was there to maintain economic employment. Indeed, small scale industries are facing credit requirements so the government has launched several schemes to fulfil their necessities. We studied the banking industry had provided various services about to financial for developing to MSME and Indian government are trying to hold the opportunity as FDI and export shifted from China to India.

**Mittal & Kumar (2021)** examined that the study is based on secondary data and the data is collected through newspapers, articles and websites etc. India has been taken a step from dependent to independent as they announced Atmanirbhar Bharat which meant self-reliant India. After being independent helps to promote sustainable development and an environment-friendly lifestyle.

**Joshi, et al. (2020)** concluded that the government was earlier dependant on other country products but is now dependant on their products that is why the government has announced atmanirbhar Bharat scheme for providing wage guarantee programmes and improvement of financial position of MSME. This study is based on secondary data and a descriptive study has been used to fulfil the objectives.

**Pratibha (2020)** indicated that the government of India has adopted some policies to extend the MSME through enlarging market demand of the local product, improving supply chain mechanism and providing funds to MSME. With the help of self-reliance, small businesses are improving their products and services and providing employment opportunities to the economy that will help to enhance the gross domestic product (GDP).

**Sharma & Gupta (2021)** concluded that the government trying to develop the economy and there is only the MSME sector that was the prime target for the development of the national economy as well as international economy by atmanirbhar Bharat scheme. So the reason behind atmanirbhar Bharat abhiyaan is to push the government on being vocal for local and self-dependent. It has examined the theoretical background of the

atmanirbhar bharat scheme and also the special economic package is related to boosting the local and small industries of India.

**Agarwal (2021)** concluded that atmanirbhar bharat has been putting the concept of local to global under the policy of self-dependent and make in India and it has focused on two major concepts which are as follows: boost of MSME and to use of local products and the second is less dependent on other nation product by substitute goods produced in our country. The study is dependent on secondary data and data has been collected by various sources such as newspapers, research papers, articles and websites etc.

**Nandan (2020)** concluded that Atmanirbhar bharat scheme has tried to cover the whole scattered economy and is being focused from developing economies to developed economies. We found that every sector would have got benefit through the scheme and will assist to the upliftment of standard of living of the common man. This is the only novel scheme that steps India towards development and if the scheme is getting success in all the aspects then this would-be role model scheme for the whole of the world.

Atma Nirbhar Bharat is assembled on 5 pillars which are as follows:-

- **Economy:** - The abhiyaan intends to create quantum growth in the economy rather than step by step changes.
- **Infrastructure:** - we need infrastructure facilities, which stand at par with global standards will be initiated in the country that assists to become the identity of modern India.
- **System:** - The abhiyaan wishes to enhance modern technology that is not based on previous customs, policies and rules and regulations.
- **Demography:** - Vibrant demography is India's strength and to become the biggest democracy. We are the grouping of innovative and young population that is the source of strengthening for self-reliant India.
- **Demand:** - The abhiyaan has goals to reinforce the economy by demand and supply chain that would be connected to its rightful perspective.

#### AMENDED DEFINITION OF MSME

The definition of MSME itself travelled hoops in the COVID scenario. The definition of Micro, Small and Medium enterprises in terms of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is as under:

#### Old Definition of MSME

Earlier MSMEs Classification			
Criteria: Investment in Plant & Machinery or Equipment			
Classification	MICRO	SMALL	MEDIUM
Manufacturing Enterprises	Investment < Rs. 25 lakhs.	Investment > Rs. 25 lakhs to < Rs. 5 crores	Investment > Rs. 5 crores to < Rs.10 crores
Service Enterprises	Investment < Rs. 10 lakhs.	Investment > Rs. 10 lakhs to < Rs. 2 crores	Investment > Rs. 2 crores to < Rs. 5 crores

**Source:** Notification by Ministry of Small-Scale Industries dated 5th October 2006.

Following the old definition of MSMEs which was based on law threshold limits of investment but in general plant and machinery or equipment. This low threshold limit does not reproduce the present rise in the price index of plant and machinery or equipment which formed a panic behind the benefits enjoyed by the units enclosed under MSME definition on expansion. A new definition has been welcomed by businesses and industries under the criteria of investment and annual turnover, which is also the same for both the manufacturing and service sector. The revised definition is as follow:

Amended MSMEs Classification effective from 1st, July , 2020			
Composite Criteria: Investment and Annual Turnover			
Classification	MICRO	SMALL	MEDIUM
Manufacturing and Service Enterprises	Investment < Rs. 1 crore and Turnover < Rs. 5 crores	Investment < Rs. 10 crores and Turnover < Rs. 50 Crores	Investment < Rs.50 crores and Turnover < Rs. 250 Crores

**Source:** Notification by Ministry of Micro, Small and Medium Enterprises dated 1st June 2020. In the mission to provide safety MSMEs from overseas competition, global tenders of up to Rs.200 crore has been prohibited in government procurement tenders.

**Main objectives of revision of the classification of MSMEs**

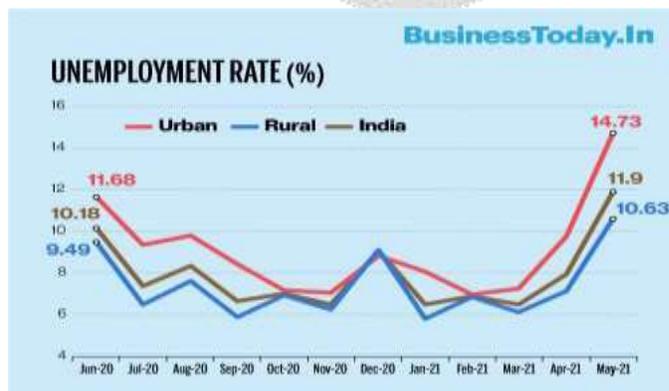
- To smooth the progress of credit flow to MSME units.
- To improve their competitiveness.
- To progress their industrialized foundation through hi-tech up-gradation
- To employ come together support promotions for MSMEs
- To supply marketing support to MSMEs and offer Skill development and entrepreneurship development training

**Benefits arising from the amended definition**

- The amended definition of MSME’s resolve verify to be a boon to this sector and will start in liquidity in them.
- Units under this category with turnover up to Rs. 100 Crores and outstanding credit up to Rs. 25 Crores would have been eligible to have a loan of up to 20% of their whole outstanding credit since of 29th February 2020 .
- this liquidity would assist such units to meet up their working capital requirements. auxiliary, these loans are collateral-free of charge which over again support the easement to MSME units.

**AtmaNirbhar Bharat Abhiyan – A Movement towards self-reliance**

The epidemic has been infected the Indian people in the early 2020s and that is being continued in 2021 has formed a sense of insecurity in the nation. A large section of the residents belongs to the middle class and lower classes of the society. The rural India who has previously stressed to grow up amongst diverse difficulties and India is believed to have hit a low on the employment rate in 2020-21 owing to the complete lockdown. The Unemployment rate of the country was 11.9% in May 2021 which is extremely high compared to the 6% in September 2020.



It is believed that more than 1 crore persons have lost their jobs and the income got by most of the households in the country have radically reduced and therefore persons are forced to discover alternate sources of living. Self-employment is the most excellent option to facilitate the citizens can choose for at present.

### **Atmanirbhar Bharat – Special Scheme for Indian MSME's**

#### **Collateral-free automatic loans for businesses scheme**

The government of India has decided to collateral-free credit available to every micro, small and medium enterprise and they are providing facilities without collateral required up to Rs. 3 lakh crore with a 100 per cent credit guarantee. Every old and new business sector are availing this benefit in this scheme.

#### **Emergency Credit Line Guarantee Scheme (ECLGS)**

- Under this scheme, the government of India had announced an emergency credit facility to the small scale industry and this facility has been provided by private sector banks and 31 non-banking financial companies (NBFC). By this scheme grants extra benefits such as credit amounting to Rs. 2.06 lakh crore has been certified to concerning 80 lakh borrowers, whereas Rs 1.58 lakh crore has been distributed to 41 lakh borrowers which are reported by public sector banks.
- Banking and non-banking financial companies (NBFC) have provided Emergency Credit Line Guarantee Scheme (ECLGS) to the businesses or MSMEs up to 20% of the complete outstanding credit as of 29.2.2020 and giving Rs. 20,000 crore for subsidiary debt for stressed MSMEs.

#### **Outlay for Pradhan Mantri Awaas Yojana - Urban (PMAY-U)**

To more create jobs and make better the economy, the government has implemented Rs. 18,000 crore supplementary outlays for the urban housing scheme to assist entire real estate projects. An additional 135 projects have been approved with an outlay of Rs. 13,200 crore with the special window for affordable and mid-income housing as Rs. 18,000 crores had announced in the budget 2020-21 for PMAY-U and this is over and above Rs. 8,000 crore distributed previously this year.

#### **Equity infusion for MSMEs**

- Small scale industries were facing various scarcity of equity then the government has been determined to announce a Fund of Funds (FoF) with a corpus of Rs. 10,000 crore to conquer with this great effort. The significant thing FoF has operated and controlled throughout Mother Fund and few Daughter Funds.
- The Abhiyan has announced Rs. 50,000 crore as equity infusion for MSMEs by Fund of Funds and which has helped to do flexible business but requires to having hand because of epidemic situation.
- To enlarge and develop in MSMEs had thought to provide equity funding and this funding will help to expand their size as well as capacity. Moreover, it will persuade MSME to obtain listed on the main board of stock exchange.

#### **MSME dues**

- ✓ There is some amount which is Rs. 21,000 crore of MSME dues that had been paid in the past seven months ever since May via the government agencies.
- ✓ The maximum point of procurement was attained in October of over Rs 5,100 crore and reimbursement of over Rs 4,100 crore. Going away by the information acknowledged in the first 10 days for November 2020, the government anticipates bettering this seeing that procurement of about Rs 4,700 crore and reimbursement of regarding Rs 4,000 crore have previously been detailed.

#### **Other Measures**

- An e-market association has been promoted to substitute trade fairs and exhibitions and it would assist the small scale enterprises in overcoming marketing troubles in the epidemic condition.
- FinTech is being used to augment transaction-based lending and using the data which is created by the e-marketplace.
- The MSME obtainable by the government and Central Public Sector Enterprises would be free in 45 days and make sure the liquidity in the hands of MSMEs. Indeed it will lead to the soft performance of the business and help to grow the economy.

#### **Conclusion**

Under the atmanirbhar bharat abhiyaan the government revised the MSME classification criteria of both investment

and turnover also so that the MSME can further expand their operations. This scheme provided various benefits like a collateral-free automatic loan, fund of fund facility, e-market linkage etc. Atmnibhar bhara abhiyan has given the importance of MSME for the revival of the Indian economy and booting the self-reliance of domestic products and decrease in the use of imported products. The import of 101 lists of products has been stopped in India. The Unemployment rate of the country was 11.9% in May 2021 which is extremely high compared to the 6% in September 2020. Through this mission, three critical aspects for the success of MSME are provided availability of skilful labors in MSME cluster, financial stability and market competitiveness of their product to both achieve import substitution as well as export. The MSME sector is the most-demanded vibrant dynamic and important pillar of the Indian economy. This sector contributes highly employment generation opportunities, social-economic development and also the development of nation backwards and rural areas.

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