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INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH IN TECHNOLOGY



The Board of

International Journal Of Innovative Research In Technology
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In recognition of the Publication of the paper entitled

FINANCIAL INCLUSION IN INDIA

Publication In e-Journal

Volume 9 Issue 5 October 2022

PAPER ID: 156824

Sharanabasappa Tippasheetti
EDITOR IN CHIEF

INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH IN TECHNOLOGY | IJIRT

website : www.ijirt.org | email ID : editor@ijirt.org | ISSN : 2349 - 6002

Financial inclusion in India

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Abstract: In developing countries, like India, most of the space is not always suitable for set up of large investments and such type of lacuna can be minimized by lesser amount of investment. With the advent of planned economic structure of Indian Democracy, Micro, Small and Medium Enterprises (MSMEs) & Family Business, widely accepted "Engine of Economic Growth of India" have gained attention of policy makers due to its potential of generating large output from a lower investment. This laborintensive sector has the capacity of reducing regional imbalances through income and employment generation, economic independence of rural folk and helps in sustainable development. Numerous registered and unregistered enterprises are mushrooming in India but there are also spatial inequalities too. In India, states like Tamil Nadu, Uttar Pradesh, Gujarat and West Bengal are the leading states in MSME & Family Business sector.

MSMEs & Family Business in India are very much heterogeneous. The present paper will focus on existing scenario and trends of MSME & Family Business in India. There is state wise variation in various sort of MSME & Family Business. Some states are leading in terms of registration and some are in unorganized sector. Thus spatial variation clearly exists in India in terms of micro, small and medium enterprises.

I. INTRODUCTION

Micro, small and medium enterprises (MSMEs) & Family Business are considered as the catalyst of economic development and social development of developing countries (Khan & Dalu, 2015). MSME & Family Business may be considered as important indicator of development of India, one of the leading

developing countries of the world. Indian economy is very much dependent on micro, small and medium enterprises (Biswas, 2016). This sector has the ability of reduction of regional disparity through income generation, creates employment opportunities, reduce poverty and above all induce regional development. Apart from creating employment opportunities at comparatively lower cost compared to large industries, it initiate industrialization in less developed areas, minimize regional imbalance and persuade equitable distribution of growth and development. MSMEs & Family Business are supplement to large scale industries and considered as ancillary to them (Muthu, 2015). MSMEs & Family Business have the opportunity of generation relatively large amount income with lower amount of investment (Sen & Selim, 2015). Thus the prime aim of the government was to develop an equitable economic development through relatively less amount of investment also in those areas scope where large scale input is not possible or available. MSME's & Family Business support entrepreneurs for development of existing enterprises and encourage entrepreneurs for new establishment. Knowledge of present status and scenario of MSME in India is very important as economic as well as research point of view. India has a very ancient history of entrepreneurship; it is as old as our civilization of Indus, Vedic and Harappa. India handicrafts, handloom were well acclimatized to the ancient world. Thus, this paper will describe the present scenario of MSME & Family Business in India.

Category wise Definition of MSMEs in India

Classification	Manufacturing Enterprise	Service Enterprise
Micro	Upto 1 crore	Upto 5 crore
Small	More than 1 crore less than 10 crore	More than 5 crore less than 50 crore
Medium	More than 10 crore less than 20 crore	More than 50 crore less than 100 crore

Source: Delared by Govt of India on 13-05-2020 Economic stimulus package

II. OBJECTIVE

Objectives of the present paper are to focus on the following:

- To focus on performance and growth of MSMEs & Family Business
- To find out nature of spatial disparity of MSME & Family Business in terms of registration, output generation and employment generation

III. METHODOLOGY

Present paper is descriptive and analytical both and based on secondary data. From that perspective this paper is quantitative and qualitative both. Data sources are following:

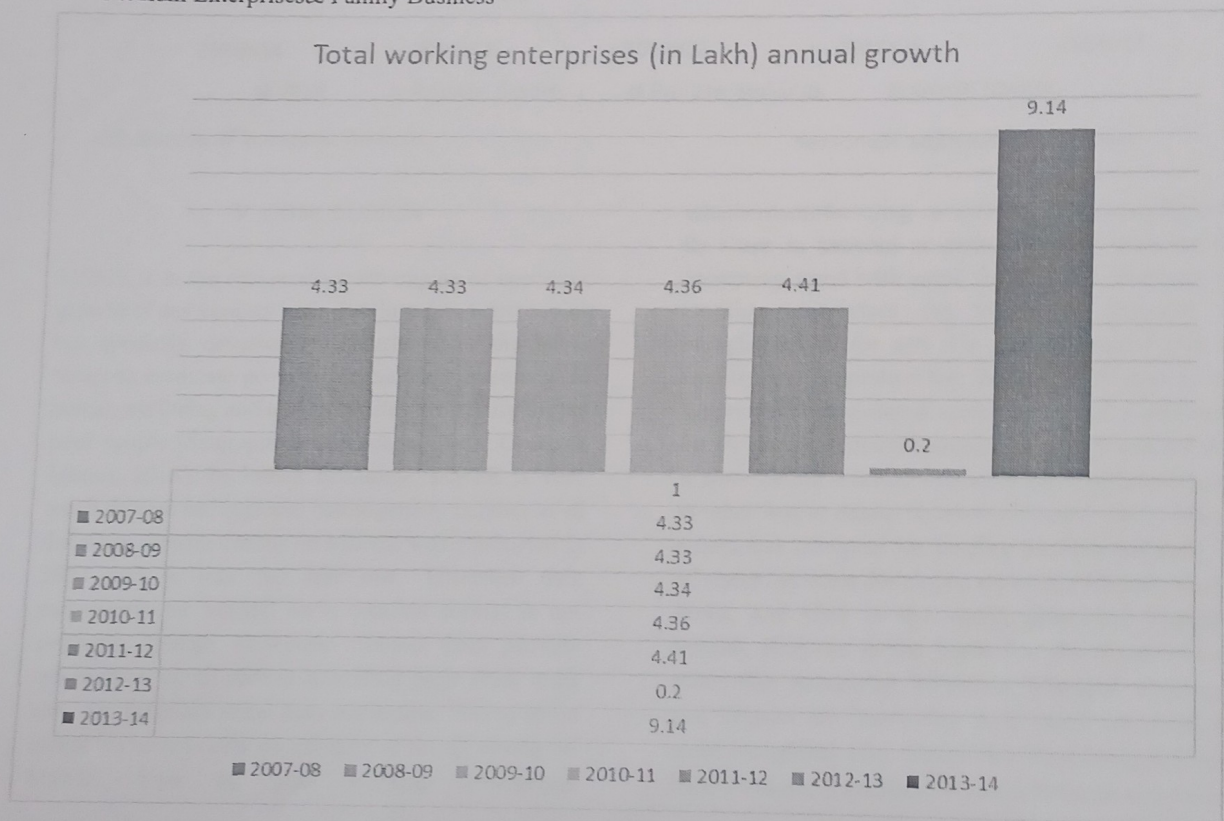
- Fourth All India Census Report of MSME & Family Business
- Annual Report of MSME & Family Business (Year wise)
- The Gazette of India
- Websites of Ministry of Micro, Small and Medium Enterprises & Family Business

- Entrepreneurs Memorandum Part-II data on MSME sector (2007-2015)
- Udyog Aadhar Memorandum (UAM) replacing EM-II

Various help of graphs, charts, trend lines, maps are taken to describe the condition schematically. Maps are drawn with help of Arc-GIS software 10.3 version.

IV. PERFORMANCE AND GROWTH OF MSME IN INDIA

MSME in India always has shown a progressive and healthy growth. Roles of MSME in Indian economy are very crucial. It is very important for the national aims of growth with equity and inclusion. It ensures maximum opportunities for both jobs and self or group employment (Srinivas, 2013). From 2006 onward when the Micro Small and Medium Enterprises Act was introduced, MSME in India always has shown a progressive and healthy growth. If we look at the total working enterprises from 2007-08 to 2013-14 (Fig. 1), its upward moving trend will be very clear.



Contribution of Entrepreneurship in Gross Domestic Products (GDP)

GDP is considered as the very significant single economic parameter to measure the pattern of economic development and growth of a spatial unit. It's the revenues earned by respective state government from its different sector like primary, secondary and tertiary sectors. Henceforth an increase in GPD obviously signs of economic growth of any area. GDP is the reflection of economic development

of a state and well being of its people and it also gives an idea of regional disparities over space. Role of MSME in Indian economy is enormous. With decentralized economy, contribution of micro, small and medium enterprises is increasing year by year. MSMEs contribution to total gross domestic products shows an increasing trend. Both the manufacturing and service sectors of MSME show increasing contribution to total GDP (see Table 2).

Real GDP and Real Value Added by Sector



V. CONCLUSION

MSME is in the real sense is the engine of economic growth of any country both developed and developing but specially developing countries. It's the silver bullet to eradicate poverty and also a proven way to human wellbeing and quality of life particularly for the poor people (Sengupta & Aubuchon, 2008, Oroso & Muturi, 2013). In Indian economy, MSME is very much diverse and regional heterogeneity persists in all the states. Fourth census on MSME was conducted in 2007 and it was the last one. Therefore data particularly on MSME on a detailed format is not available, though Economic Census does provide information on all sectors including large scale units also. So, there are some data constrains, thus to some extent we have to rely on old data of fourth census on MSME. Year by year working enterprises

whether manufacturing or services are increasing and its share in national or state GDP has also shown increasing trend with some fluctuations. Numbers of working enterprises are higher in informal or unregistered sector and it's playing crucial role in employment generation too. But registered enterprises suppressed unregistered sector in output generation. So we can say that unregistered MSME in some states to some extent is labour intensive and registered sector in other way is capital intensive in some states. Micro enterprises occupied the leading position naturally in all states but some developed states like Gujarat, Tamil Nadu, and Goa in the south; Himachal Pradesh, Punjab, Haryana in the north and the north eastern states like Arunachal, Mizoram, Manipur, Nagaland and Tripura are improving their small and medium scale enterprises also. States like West Bengal, Bihar, Uttar Pradesh, Rajasthan, Madhya Pradesh and Orissa

where small and medium enterprises are lesser in number. There is seen a normal path that those states who are leading in working enterprises, creates more employment, generate more income and do registration whether filling EM-II or UAM. Though registration through UAM has shown a rocket speed increase but people are far behind of registration may be due to lengthy process of filling forms or they are not aware at all particularly at the rural set up or they are unwilling to register their units to escape the tax. All states are not capable of utilizing the fruits of MSME. In spite of some critical reviews, MSME has act as a catalyst of Indian economy and some proper planning with incentives and assistance for both registered and unregistered sector from central or state government and private agencies as well, will help to boost up the economy very faster. And this in turn will reduce regional disparity and creates regional development.

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