

A SECONDARY DATA ANALYSIS OF MSME GROWTH UNDER ATMANIRBAR BHARAT

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Abstract

Micro, Small and Medium Enterprises (MSMEs) play a pivotal role in the Indian economy by contributing significantly to employment, industrial output, and exports. The launch of the Atmanirbhar Bharat Abhiyan in 2020 marked a strategic initiative to strengthen domestic industries and promote self-reliance. This research paper presents a comprehensive secondary data analysis of MSME growth under the Atmanirbhar Bharat framework. The study relies on data from government reports, academic journals, and institutional publications to evaluate trends in employment, GDP contribution, exports, and policy impact. The findings reveal that MSMEs have shown resilience and growth post-pandemic, supported by financial packages, regulatory reforms, and digital initiatives. However, challenges such as credit gaps, technological constraints, and structural inefficiencies persist. The study concludes that while Atmanirbhar Bharat has accelerated MSME development, sustained policy support and structural reforms are necessary to ensure long-term growth and global competitiveness.

Keywords

MSME, Atmanirbhar Bharat, Secondary Data Analysis, Economic Growth, Employment, India, Self-Reliance, Industrial Development

Introduction

The Micro, Small and Medium Enterprises (MSME) sector is widely regarded as the backbone of the Indian economy due to its substantial contribution to economic growth, employment generation, and exports. MSMEs promote inclusive growth by providing livelihood opportunities, especially in rural and semi-urban areas. According to recent estimates, MSMEs contribute around 30–31% to India's GDP and employ over 110 million people.

The COVID-19 pandemic severely impacted MSMEs, disrupting supply chains, reducing demand, and causing liquidity shortages. In response, the Government of India launched the Atmanirbhar Bharat Abhiyan (Self-Reliant India Mission) in 2020. This initiative aimed to

revive the economy by strengthening domestic industries, reducing dependence on imports, and promoting local manufacturing. Atmanirbhar Bharat is built on five pillars: Economy, Infrastructure, System, Vibrant Demography, and Demand. The MSME sector is central to achieving these objectives, as it supports entrepreneurship, innovation, and decentralized industrial development.

Review of Literature

Several studies have examined the role of MSMEs in India's economic development and their relevance under Atmanirbhar Bharat.

Chitsimran et al. (2022) emphasized that MSMEs are crucial for socio-economic development and employment generation. Their study, based on literature review, highlighted the importance of government support in enhancing MSME performance.

Nath (2025) analyzed the MSME sector as a key driver of Atmanirbhar Bharat, emphasizing policy reforms, financial packages, and infrastructure development as major growth factors. The study concluded that MSMEs are essential for achieving self-reliance and global competitiveness.

Mittal and Kumar (2025) explored MSME contributions to GDP, employment, and entrepreneurship. Their findings showed that MSMEs contribute approximately 30% of GDP and play a vital role in inclusive development.

Gugulothu and Aleti (2024) studied MSME contributions between 2018 and 2023, highlighting their role in innovation, regional development, and entrepreneurial growth.

Overall, existing literature indicates that MSMEs are critical to India's economic structure, but challenges such as access to finance, technological limitations, and market competition persist.

Objectives of the Study

The study aims to:

1. Analyze the growth of MSMEs under Atmanirbhar Bharat
2. Examine the economic contribution of MSMEs
3. Evaluate government initiatives supporting MSMEs
4. Identify challenges affecting MSME growth
5. Provide suggestions for sustainable development

Research Methodology

This research is based on secondary data analysis, using data collected from:

- Government reports (Ministry of MSME, Economic Survey)

- Academic journals and research papers
- Industry reports and online databases
- Published articles and policy documents

The study adopts a descriptive and analytical approach. Data has been analyzed to identify trends in MSME growth, employment, exports, and policy effectiveness. No primary data collection was conducted.

Growth of MSMEs under Atmanirbhar Bharat

Contribution to GDP

MSMEs contribute significantly to India's GDP, accounting for approximately 30–31% of total output. The sector supports both manufacturing and service industries, making it a vital component of economic growth.

Employment Generation

MSMEs are the second-largest employer after agriculture, providing employment to over 110–128 million people. The sector plays a crucial role in reducing unemployment and poverty.

Export Contribution

MSMEs contribute nearly 45–48% of India's exports, making them a key player in global trade. This highlights their importance in strengthening India's position in international markets.

Increase in MSME Units

The number of MSMEs has grown significantly, with over 74 million enterprises operating in India. This growth reflects increased entrepreneurial activity and policy support.

Government Initiatives under Atmanirbhar Bharat

The Atmanirbhar Bharat package introduced several measures to support MSMEs:

Financial Support

Financial support has been a central pillar of the Atmanirbhar Bharat initiative aimed at strengthening MSMEs, particularly in the wake of the COVID-19 pandemic. The government introduced the Emergency Credit Line Guarantee Scheme (ECLGS) to provide immediate liquidity support to businesses facing operational disruptions. Under this scheme, MSMEs were able to access additional working capital loans with government-backed guarantees, reducing the risk for lending institutions. In addition, collateral-free loans were extended to small businesses, enabling them to secure funding without the burden of pledging assets, which is often a major barrier for micro and small enterprises. Another important measure was the provision of subordinate debt for stressed MSMEs, which helped revive units that were

financially distressed by allowing promoters to infuse funds into their businesses. Collectively, these financial interventions played a crucial role in stabilizing MSMEs, improving cash flow, and ensuring business continuity during a period of economic uncertainty.

Impact of Atmanirbhar Bharat on MSMEs

The Atmanirbhar Bharat initiative has positively impacted MSMEs by improving access to finance, enabling businesses to recover and sustain operations after the COVID-19 crisis. It accelerated formalization through simplified registration systems, allowing more enterprises to access government benefits and institutional credit. The push for digital adoption helped MSMEs expand their market reach and improve efficiency. Additionally, the “Vocal for Local” approach boosted domestic manufacturing and demand for local products, enhancing production and competitiveness. While the initiative strengthened resilience and growth, some challenges like credit access and technology gaps still remain.

Challenges Faced by MSMEs

A major issue is the credit gap, as many enterprises struggle to access timely and affordable finance due to lack of collateral and formal credit history. Delayed payments from buyers further strain cash flow, affecting daily operations. Additionally, technological limitations and low digital adoption reduce productivity and competitiveness. The sector also suffers from a shortage of skilled workforce, hindering innovation and quality improvement. A structural issue known as the “missing middle” exists, where micro enterprises find it difficult to scale into medium-sized firms. Furthermore, regulatory complexities and limited market access, especially in global markets, pose ongoing challenges. Overall, despite policy support, these constraints continue to impact MSME growth.

Conclusion

The MSME sector remains a cornerstone of India’s economic development. The Atmanirbhar Bharat initiative has played a transformative role in strengthening MSMEs by providing financial support, simplifying regulations, and promoting domestic production. The sector has demonstrated resilience, particularly in recovering from the economic impact of COVID-19. However, long-term growth requires addressing structural challenges such as credit gaps, technological limitations, and delayed payments. Policymakers must focus on enhancing access to finance, promoting innovation, and improving infrastructure.

In conclusion, MSMEs are essential for achieving the vision of a self-reliant India. With sustained support and strategic reforms, the sector can become a global driver of economic growth and innovation.

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