

## **GROWTH AND PERFORMANCE TRAJECTORY: A DESCRIPTIVE STUDY OF MSMEs IN INDIA**

Ravina Pul<sup>1</sup> & Olympia Kurmi<sup>2</sup>

Micro, Small and Medium Enterprises (MSMEs) represent a crucial component of India's economic development strategy. They significantly contribute towards employment generation, national earnings, fostering innovation and reducing regional economic disparities. Additionally, MSMEs have aided in industrial transformation in rural regions and have facilitated greater participation of women in entrepreneurship. According to the Times of India, 2023, this sector holds a significant place in the Indian economy, contributing nearly 30% to Gross Domestic Product (GDP), 45% to Overall exports, and 36% to manufacturing output. As India continues to evolve, MSMEs remain central to driving inclusive and sustainable growth. The present study aims to provide a comprehensive statistical overview of the progress and performance from the financial year 2006-2007 to 2024-2025, incorporating data available up to December 31, 2023. Key indicators examined in the study include the number of operational enterprises, employment generation, ownership distribution, GDP contributions, the number of women participating in the Prime Minister's Employment Generation Program (PMEGP), and figures related to production, sales, and employment under the Khadi and Village Industries (KVI) segment. The research is based on a thorough review of prior literature and is supported by data sourced from official annual reports and other reliable digital sources.

*Keywords:* MSMEs, Indian economy, GDP, employment, economic development

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## **Introduction**

Micro, Small and Medium Enterprises (MSMEs) are increasingly gaining prominence in the Indian economy due to their significant contribution towards the nation's growth and development. These enterprises play a dynamic role in fostering economic progress in rural and economically underdeveloped regions by promoting equitable income and wealth distribution and reducing regional disparities. Their capacity to generate employment has positioned MSMEs as crucial drivers of national development, making them the second-largest employment provider in India after the agricultural sector. The sector's popularity stems from its labour-intensive structure, which aligns with India's abundant supply of affordable labour (Biswas, 2021).

Additionally, MSMEs enhance consumer accessibility by offering affordable products (Zanjurne, 2018). The sector serves as a robust platform for promoting rural entrepreneurship, requiring comparatively lower capital investment than large-scale industries. The remarkable growth observed in MSMEs, including Khadi, Village, and Coir industries, not only motivates existing enterprises to improve performance but also attracts new entrants, stimulating economic activities crucial for national progress (Gopinath & Kalpana, 2019). MSMEs hold a significant share in India's exports and industrial production. Over time, the sector has undergone several phases of transformation, playing a catalytic role in the broader spectrum of economic development. It has emerged as a technologically progressive sector contributing substantially to the Gross Domestic Product (GDP) and aiding in import substitution. Beyond economic impact, MSMEs hold social relevance by empowering marginalised groups, particularly women, through entrepreneurship and the promotion of local production.

As per the MSME Report (2025), the sector commands a prominent position in the Indian economy, contributing approximately 30% to GDP, 45% to exports, 36% of India's total manufacturing output, and employing around 24.4 crore individuals. MSMEs deserve sustained support and recognition from policymakers to help India emerge as a globally competitive industrial economy (Deshpande, 2022). The definition of MSMEs was revised on 13th May 2020 under the Atma-Nirbhar Bharat Abhiyaan Economic Package, introducing a unified

classification for both manufacturing and service sectors based on investment and annual turnover. The revised classification is shown in Table 1.

*Table 1: Revised Classification of MSMEs (Effective from May 2020)*

<i>Enterprises</i>	<i>Micro (INR in crore)</i>	<i>Small (INR in crore)</i>	<i>Medium (INR in crore)</i>
Manufac- turing and Service	Investment < 1 Crore Turnover< 5 Crore	Investment <10 Crore Turnover< 50 Crore	Investment <20Crore Turnover<100 Crore

### **Theoretical Background**

The extant literature on MSMEs provides a plethora of their critical contributions towards the economic growth and development of the nation. Literature abounds in asserting the myriad opportunities it presents for nation-building as well as the many trials and hurdles faced by the sector to realize its full potential. The era of economic reforms ushered in many challenges for Small and Medium Enterprises (SMEs) as they had to deal with the changing economic scenarios and come up with upgradation and innovation to survive in the changing dimensions of the economic spectrum (Mali, 1998). To boost the economy of the country, it is imperative to create strategic alliances with the neighbouring countries, and SSIs are considered to be the only medium for carving out such alliances. However, this unprecedented growth of SSI units also led to the identification of the operational difficulties and constraints in ensuring the viability of such units established as part of the initiatives started by the economic reform measures in India (Rathod, 2007). SSIs had to face challenges both in the domestic and international markets in terms of technology upgradation, delay in bank financing, product quality, competition, market, process of production and Research & Development (Shastri et al., 2011; Gare, 2022). MSMEs face further challenges in the form of competition from large firms. High unit cost is also a matter of great concern for MSMEs (Biswas, 2015; Srivasree & Vasavi, 2020). Ranking second only to the agricultural sector, MSMEs have immense potential in the generation of employment in the country. Moreover, the adoption of technological innovations has the potential to accelerate industrial production and bolster the competitiveness

of the sector in international markets (Sharma & Gill, 2016; Barki & Vibhuti, 2017).

SMEs contribute enormously to the GDP of the country, especially from the service sector (Dhanaraj, 2013). Introduced as the MSMED Act 2006, it classified the micro, small and medium enterprises with the basic objective of safeguarding the interests of small businesses. The MSMEs act as an engine for the growth of the economy, and the country has witnessed a positive change in the economy through employment generation, growth in GDP and equal distribution of wealth. Various institutional support measures strive to promote MSMEs (Golla, 2018; Kumar, 2017; Shelly et al., 2020). The development of the sector also leads to a spurt in entrepreneurial activity (Barki, 2017). Financial support by the Government through fixed investment schemes and prudent foreign exchange rates can boost exports of the Indian MSMEs. Availability of raw materials at affordable rates is also a prerequisite for enhancing export performance (Golla, 2018; Bandopadhyay & Khan, 2020; Vamshidar & Sreyesh, 2023).

### **Objectives**

The objectives of the current study are as follows:

1. To assess the overall progress and performance of the MSME sector in India.
2. To undertake a time series analysis on the growth and development of MSMEs over the years from the Financial Year 2006-2007 to 2024-2025.

### **Methodology**

The current study is based on secondary data collected from different sources such as reports published by the Ministry of MSME, journals, news articles, government websites, books and RBI reports. The performance statistics for the period from FY 2006-2007 to FY 2024-2025 were included in the study. The study is descriptive in nature, and data are presented through tables and graphs. Descriptive analysis, along with the percentage of annual growth and Compound Annual Growth Rate (CAGR) were conducted.

## Results and Discussion

### ***Number of Micro, Small and Medium Enterprises, and Employment Generation***

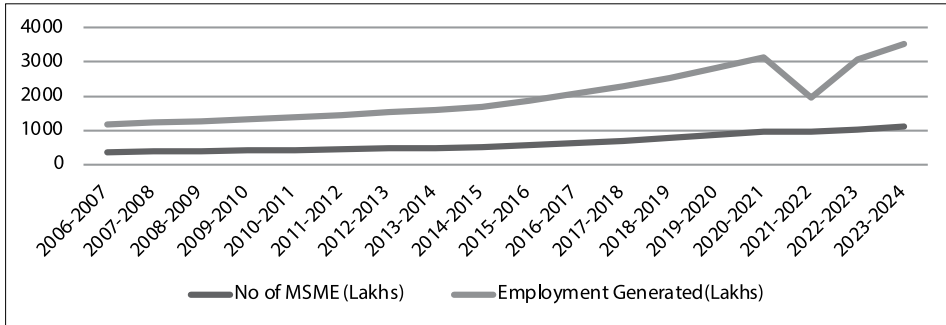
The statistics provided detail the number of MSME units and the employment generated from 2006–2007 to 2023–2024. Based on the data analysed from the Fourth All India Census of MSMEs, the growth trends in both the number of MSME units and employment generation have been summarized in Table 2 and illustrated in Figure 1. Over these 18 years, the number of MSMEs has grown from 361.76 lakh to 1100 lakh, marking a CAGR of 6.37%, while employment generated increased from 805.23 lakh to 2414 lakh, with a CAGR of 6.29%. This reflects a parallel and proportionate growth trend, highlighting that the expansion of MSMEs has had a direct and sustained impact on employment generation across the country.

*Table 2: No. of MSME Units and Employment Generated*

<i>Year</i>	<i>No. of MSME (INR in Lakhs)</i>	<i>Annual Increase (%)</i>	<i>Employment Generated (INR in Lakhs)</i>	<i>Annual Increase (%)</i>
2006-2007	361.76	-	805.23	-
2007-2008	377.36	4.31	842.00	4.57
2008-2009	393.70	4.33	880.84	4.61
2009-2010	410.80	4.34	921.79	4.65
2010-2011	428.73	4.36	965.15	4.70
2011-2012	447.64	4.41	1011.69	4.82
2012-2013	467.54	4.45	1061.40	4.91
2013-2014	488.46	9.14	1114.29	4.98
2014-2015	510.57	4.53	1171.32	5.12
2015-2016	567.92	11.23	1297.04	10.73
2016-2017	631.72	11.23	1436.26	10.73
2017-2018	702.68	11.23	1590.42	10.73
2018-2019	781.61	11.23	1761.12	10.73
2019-2020	869.41	11.23	1950.15	10.73
2020-2021	967.07	11.23	2159.47	10.73
2021-2022	975.00	0.81	979.00	-54.66
2022-2023	1035.00	6.15	2039.00	108.27
2023-2024	1100.00	6.28	2414.00	18.39
<b>CAGR</b>	<b>6.37%</b>		<b>6.29%</b>	

*Source:* Ministry of MSME's Annual report (2006-2007 to 2023-2024)

From the year between 2006 and 2020, both the number of enterprises and employment figures rose steadily, showing a strong link between enterprise creation and job generation. Annual increases in MSMEs hovered around 4%–11%. The period 2015–2020 saw accelerated growth, possibly due to supportive schemes like Make in India, Startup India, and increased financial inclusion. However, the trend was sharply disrupted in 2021–2022, indicating that the capacities of many enterprises were severely hit by the COVID-19 pandemic. It likely reflects widespread business closures, downsizing, or shifts to informal work arrangements. Recovery was evident in 2022–23 and 2023–24, with MSME numbers and employment figures both rebounding.



Source: Ministry of MSME’s Annual report (2006-2007 to 2023-2024)

Figure 1: No. of MSME Units and Employment Generated

**Types of Enterprises: Micro, Small and Medium Enterprises**

The data from 2007–08 to the projected figures for 2024–25 reveals a significant and dynamic growth pattern in the number of Micro, Small, and Medium Enterprises (MSMEs) in India. Starting from a total of approximately 1.73 lakh units in 2007–08, the MSME sector has expanded dramatically, with the total number expected to reach over 577 lakh units by 2024–25. Among the different categories of MSMEs, micro-enterprises have continually emerged as the largest segment in terms of registration and have shown exceptional growth. From 2016–17 onwards, an extraordinary spike in registrations is reflected mostly due to policy initiatives such as the introduction of the Udyog Aadhaar Memorandum and digital registration platforms like the Udyam Portal. Small and medium enterprises have also experienced substantial growth, albeit at a relatively steadier pace, with notable surges around 2016–17

and 2019–20 corresponding to changes in regulatory frameworks and greater financial inclusion efforts (Table 3).

The sector experienced sharp declines in certain years, most prominently in 2014–15 and 2021–22. This drop likely resulted from methodological changes or cleanup in enterprise registration data, while the decline in 2021–22 can be attributed to the adverse economic impact of the COVID-19 pandemic, which forced many businesses to close or scale down operations. However, the data from 2022 onwards highlights a strong recovery and rapid expansion, driven by government support through initiatives like the Atma-Nirbhar Bharat package and renewed digital onboarding efforts.

*Table 3: Distribution of MSMEs by Type of Enterprise*

Year	Micro	Annual Change (%)	Small	Annual Change (%)	Medium	Annual Change (%)	Total Units	Annual Change (%)
2007-2008	1,53,110	-	16,730	-	467	-	1,72,703	-
2008-2009	1,70,262	11.20	18,792	12.33	702	50.32	1,93,206	11.87
2009-2010	1,85,180	8.76	23,870	27.02	1,409	100.71	2,13,206	10.35
2010-2011	2,05,112	10.76	29,125	22.02	1,263	-10.36	2,38,429	11.83
2011-2012	2,42,539	18.25	34,225	17.51	2,949	133.49	2,82,428	18.45
2012-2013	2,75,867	13.74	41,502	21.26	5,449	84.77	3,22,818	14.30
2013-2014	2,96,526	7.49	59,127	42.47	7,338	34.67	3,62,991	12.44
2014-2015	1,85,180	-37.55	23,870	-59.63	1,409	-80.80	2,10,459	-42.02
2015-2016	2,05,112	10.76	29,125	22.02	1,263	-10.36	2,35,500	11.90
2016-2017	20,03,673	876.87	2,28,008	682.86	8,781	595.25	2,79,713	18.77
2017-2018	34,88,624	74.11	3,19,804	40.26	15,317	74.43	38,23,745	1267.02
2018-2019	34,88,624	0.00	3,91,804	22.51	15,317	0.00	38,23,745	0.00
2019-2020	75,15,686	115.43	9,29,105	137.14	36,152	136.03	84,80,943	121.80
2020-2021	75,15,686	0.00	9,29,105	0.00	36,152	0.00	84,80,943	0.00
2021-2022	60,62,213	-19.34	3,14,150	-66.19	34,090	-5.70	64,10,450	-24.41
2022-2023	1,26,17,959	108.14	4,35,885	38.75	39,854	16.91	1,30,93,698	104.26
2023-2024	4,08,15,091	223.47	6,12,251	40.46	55,698	39.76	4,14,83,040	216.82
2024-2025*	5,69,01,755	39.41	7,32,782	19.69	69,013	23.91	5,77,03,550	39.10
<b>CAGR</b>	<b>38.93%</b>		<b>23.37%</b>		<b>31.99%</b>		<b>38.11%</b>	

Source: Ministry of MSME's Annual report (2007-2008 to 2024-2025)

\*Data available up to December 2024

***Share of MSME sector in total GDP***

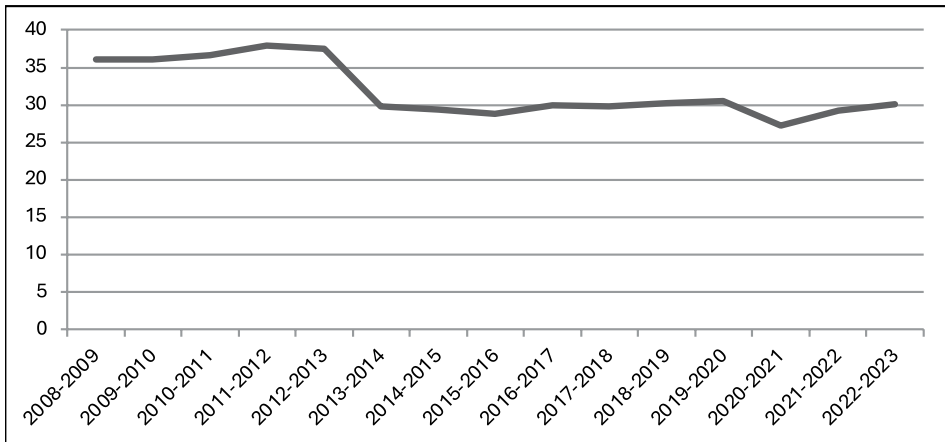
The MSMEs act as the driving force behind the economic growth of the country (Dhanaraj, 2013). Statistical data reflect the remarkable contribution of the MSMEs to the GDP of the country.

Table 4 showcases relative stability with minor fluctuations, with around 36-38% share from the financial year 2008-09 to 2012-13. However, starting from 2013-14, there was a sharp decline of about 20.7%, followed by a few more years of gradual decline until 2015-16, reaching around 28.77%. Post 2016-17, the percentage began to recover slightly, fluctuating between 29% and 30.5%, although it experienced another notable dip in 2020-21 (-10.82%), likely due to the economic impact of the COVID-19 pandemic. The following years show recovery, with positive annual changes in 2021-22 and 2022-23. The overall Compound Annual Growth Rate (CAGR) is negative at -1.21%, indicating a slight declining trend in this percentage over the entire period, despite intermittent recoveries. Figure 2 shows the contribution of MSMEs to the total Gross Domestic Product (GDP) of the country.

*Table 4: Share of MSMEs in total GDP*

<i>Year</i>	<i>Percentage (%)</i>	<i>Annual Change (%)</i>
2008-2009	36.12	-
2009-2010	36.05	-0.19
2010-2011	36.69	1.78
2011-2012	37.97	3.49
2012-2013	37.54	-1.13
2013-2014	29.76	-20.72
2014-2015	29.39	-1.24
2015-2016	28.77	-2.11
2016-2017	29.95	4.10
2017-2018	29.75	-0.67
2018-2019	30.27	1.75
2019-2020	30.5	0.76
2020-2021	27.2	-10.82
2021-2022	29.2	7.35
2022-2023	30.10	3.08
<b>CAGR</b>	<b>-1.21</b>	

*Source: Ministry of MSME’s Annual report (2008-2009 to 2022-2023)*



Source: Ministry of MSME's Annual report (2008-2009 to 2022-2023)

Figure 2: Share of MSMEs in total GDP

### ***Percentage Share of MSMEs' Export in Total Export***

The data shows the percentage share of MSME exports in India's total exports from 2006–07 to 2024–25, along with the annual growth rate of this share. The share of MSMEs in India's total exports has experienced significant fluctuations over the years. From 2006–07 to 2008–09, the share remained relatively stable at around 25.5%, followed by a modest increase in 2009–10. However, a sharp decline can be seen in 2010–11 and 2011–12, when the share fell to 19.36%. From 2012–13 onwards, there was a consistent upward trend, with the MSME export share surpassing 40%, and 2015–16 marking the highest annual growth during the period (Table 5).

Table 5: Share of MSMEs' export in total export

<i>Year</i>	<i>Share of MSMEs exports in total exports (%)</i>	<i>Annual Growth (%)</i>
2006-2007	25.73	-
2007-2008	25.55	-0.70
2008-2009	25.49	-0.23
2009-2010	26.96	5.77
2010-2011	22.47	-16.65
2011-2012	19.36	-13.84

2012-2013	40.06	106.92
2013-2014	42.42	5.89
2014-2015	44.76	5.52
2015-2016	49.86	11.39
2016-2017	49.69	-0.34
2017-2018	48.56	-2.27
2018-2019	48.10	-0.95
2019-2020	49.81	3.56
2020-2021	49.5	-0.62
2021-2022	45.0	-9.09
2022-2023	43.6	-3.11
2023-2024	45.73	4.89
2024-2025	45.79	0.13

*Source:* PIB statistics on export of MSME and MSME Annual Report

### ***Women Entrepreneur as per PMEGP***

The number of women beneficiaries under the Prime Minister's Employment Generation Programme (PMEGP) from the year 2008-2009 to 2023-2024, along with the annual percentage changes are given in Table 6.

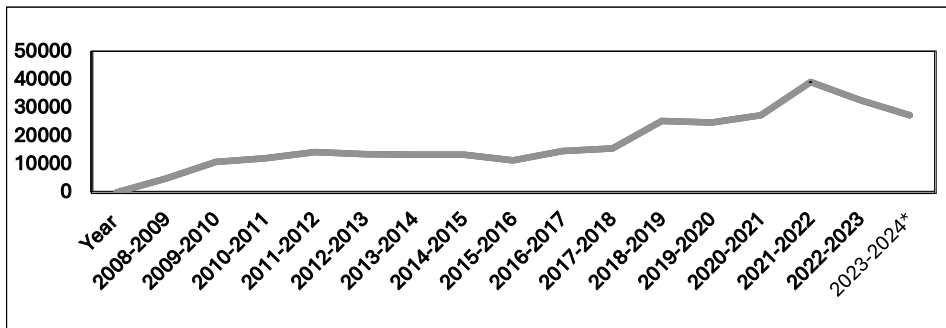
*Table 6: Women Entrepreneurs as per PMEGP*

<i>Year</i>	<i>No. of beneficiaries</i>	<i>Annual Change (%)</i>
2008-2009	4930	-
2009-2010	10845	119.98%
2010-2011	12134	11.89%
2011-2012	14299	17.84%
2012-2013	13612	-4.80%
2013-2014	13448	-1.20%
2014-2015	13394	-0.40%
2015-2016	11356	-15.22%
2016-2017	14768	30.05%
2017-2018	15669	6.10%
2018-2019	25434	62.32%
2019-2020	24720	-2.81%

2020-2021	27285	10.38%
2021-2022	39156	43.51%
2022-2023	32626	-16.68%
2023-2024*	27332	-16.23%
<b>CAGR</b>	<b>11.30%</b>	

Source: Ministry of MSME's Annual report (2008-2009 to 2023-2024)

\*Data available up to 30 January 2024



Source: Ministry of MSME's Annual report (2008-2009 to 2023-2024)

Figure 3: Women Entrepreneurs as per PMEGP

In 2009–10, the number of beneficiaries surged dramatically by 119.98% after the introduction of the initiative. The following financial years of 2010–11 to 2011–12 maintained a steady upward trend with consistent growth. However, between the period of 2012–13 and 2015–16, the growth began to decline, indicating a possible plateau in outreach or a shift in implementation strategies. This was, however, followed by a significant rebound in 2016–17 marked by a growth of 30.05%. This suggests renewed efforts or reforms that temporarily boosted beneficiary coverage. The years 2016–17 to 2021–22 saw renewed momentum, especially in 2018–19 (62.32%) and 2021–22 (43.51%), perhaps due to post-GST policy rollouts or COVID-19-related stimulus measures. However, post-pandemic years saw a reversal, with a sharp fall of 16.68% in 2022–23 and a further 16.23% decline in 2023–24. Despite year-to-year fluctuations, the Compound Annual Growth Rate (CAGR) of 11.30% reflects a long-term upward trend in the number of beneficiaries, underscoring the increasing scale of support provided under the relevant MSME schemes. Figure 3 shows the women beneficiaries under the program through a graph.

### ***KVI Production, Sales and Employment***

Table 7 highlights the growth trajectory of Khadi and Village Industries (KVI) from 2006–07 to 2024–25 in terms of production value, sales, and employment generation. From 2006–07 to 2024–25, the production value of MSMEs increased from ₹14,018.71 crore to ₹1,17,542.78 crore, reflecting a CAGR of 11.84%. Similarly, sales rose from ₹19,551.4 crore to ₹1,67,602.77 crore, with a slightly higher CAGR of 11.97%.

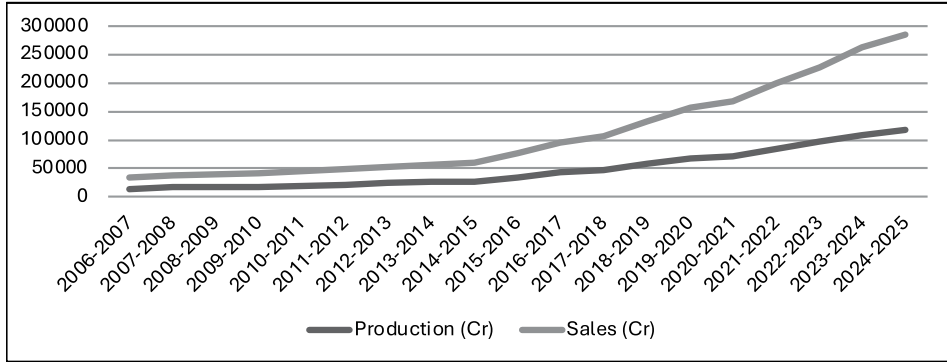
*Table 7: KVI production (in Crore) and sales (in Crore), and Employment (in Lakh)*

<i>Year</i>	<i>Production (Cr)</i>	<i>Annual Change (%)</i>	<i>Sales (Cr)</i>	<i>Annual Change (%)</i>	<i>Employment (in Lakh)</i>	<i>Annual Change (%)</i>
2006-2007	14018.71	-	19551.4	-	88.92	-
2007-2008	16677.71	18.97	21543.48	10.19	99.27	11.64
2008-2009	17338.88	3.96	22948.59	6.52	880.84	787.32
2009-2010	18136.98	4.60	24121.54	5.11	921.79	4.65
2010-2011	19871.86	9.57	25792.99	6.93	965.15	4.70
2011-2012	21852.04	9.96	26797.13	3.89	1011.69	4.82
2012-2013	24024.24	9.94	27839.69	3.89	124.76	-87.67
2013-2014	26109.08	8.68	31154.2	11.91	130.38	4.50
2014-2015	27569.37	5.59	33135.9	6.36	1171.32	798.39
2015-2016	34490.22	25.10	41894.56	26.43	137.83	-88.23
2016-2017	42631.09	23.60	52138.21	24.45	136.4	-1.04
2017-2018	48081.41	12.78	59182.43	13.51	140.36	2.90
2018-2019	58130.34	20.90	74292.09	25.53	146.99	4.72
2019-2020	67667.31	16.41	88875.54	19.63	152.73	3.91
2020-2021	72235.15	6.75	95741.36	7.73	159.06	4.14
2021-2022	84289.93	16.69	115415.23	20.55	167.61	5.38
2022-2023	96912.13	14.97	131401.65	13.85	175.69	4.82
2023-2024	108297.91	11.75	155673.13	18.47	187.31	6.61
2024-2025	117542.78	8.54	167602.77	7.66	196.05	4.67
<b>CAGR</b>	<b>11.84%</b>		<b>11.97%</b>		<b>4.25%</b>	

*Source:* Ministry of MSME’s Annual report (2006-2007 to 2024-2025)

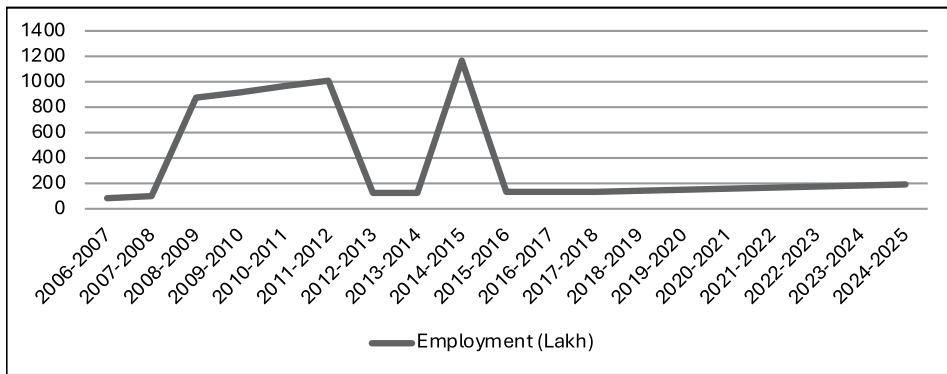
Furthermore, positive changes can also be seen in the growth rate over the years. This indicates a robust and consistent growth pattern in both production and sales, underlining the expanding contribution of

the MSME sector to the national economy. Figure 4 depicts the trend of production and sales of KVI from FY 2006–2007 to FY 2024–2025.



Source: Ministry of MSME’s Annual report (2006–2007 to 2024–2025)

Figure 4: KVI production and sale (in Crore)



Source: Ministry of MSME’s Annual report (2006–2007 to 2024–2025)

Figure 5: KVI employment (in Lakh)

Employment generation grew from 88.92 lakh in 2006–07 to 196.05 lakh in 2024–25, achieving a CAGR of 4.25%. This growth is positive, suggesting a gradual improvement in labor productivity or a shift toward more capital-intensive processes. Inconsistencies are visible in some years. For instance, 2008–09 and 2014–15 reports sudden spikes in employment figures, likely due to data revisions or the inclusion of informal segments. Conversely, 2012–13 and 2015–2016 show a decline or stagnation, perhaps reflecting challenges like demonetization or structural adjustments (Figure 5).

## **Key Findings**

First, the analysis of MSMEs in India from 2006 to 2025 reveals a dynamic and evolving sector. The number of MSME units grew consistently from 361.76 lakh in 2006–07 to 1100 lakh in 2023–24, with micro-enterprises dominating this growth. Post-pandemic support and digitalization efforts, such as Udyog Aadhaar, were significant contributors to this growth. Employment trends echoed this growth, increasing from 805.23 lakh in 2006–07 to 2414 lakh in 2023–24, although a notable dip occurred in 2021–22 likely due to post-COVID recalibration. Second, in terms of enterprise classification, micro-enterprises exhibited the highest expansion, especially after 2016–17, while medium enterprises, though smaller in number, showed the highest CAGR, reflecting potential up-scaling. Third, the MSME contribution to the nation's GDP ranged between 27.2% to 37.97%, with the highest share recorded in 2011–12. Post 2012, however, the sector saw a decline, reaching a low of 27.2% in 2020–21, before recovering to 30.10% in 2022–23, highlighting resilience and revival efforts. Fourth, the share of MSMEs in total exports increased steadily from 25.49% in 2008–09 to a peak of 49.86% in 2015–16. After a gradual decline in the subsequent years, it rose again to 45.73% in 2023–24, showing sustained global competitiveness.

From 2012–13 onwards, there was a consistent upward trend, with the MSME export share surpassing 40%, and 2015–16 marking the highest annual growth during the period. Fluctuating trends in women beneficiaries under PMEGP from 2008–09 to 2023–24. A sharp rise was seen initially, followed by stagnation and a rebound in 2015–16. Significant growth occurred in 2017–18 and 2020–21, likely due to reforms and COVID-19 support. Despite recent declines, the overall CAGR of 11.30% reflects long-term growth in outreach. Fifth, the performance of Khadi and Village Industries (KVI) also reflects impressive growth, with production rising from ₹14,018 crore in 2006–07 to ₹1,17,543 crore in 2024–25 and sales from ₹19,551 crore to ₹1,67,603 crore. Employment in KVI has supported enterprises that grew from 88.92 lakh to 196.05 lakh over the same period. The CAGR of production (11.84%), sales (11.97%), and employment (4.25%) indicates a robust expansion of grassroots industrial activity. Overall,

the MSME sector has shown resilience, adaptability, and accelerated formalization over the years, supported by policy initiatives, digital transitions, and market diversification.

### **Conclusion**

The introduction of the Act aimed to strengthen the existing framework by formally incorporating medium enterprises and raising the investment and turnover limits applicable to the sector. These revisions were designed to revitalize the MSME sector, enhance its operational effectiveness, and expand access to government incentives and schemes. The overarching goal was to amplify the sector's contribution to the national economy. A notable shift in industrial policy has been the official recognition and promotion of Micro, Small, and Medium Enterprises (MSMEs), acknowledging their pivotal role in enhancing rural livelihoods and fostering the growth of small and medium-scale industries as key drivers of economic development. MSMEs have been encouraged to create products fit for both domestic and international markets.

This study, covering the period since the 2006 enactment of the Act, analyzes growth in enterprises, employment, production, sales, exports, and GDP. While the sector has generally shown steady progress, it has also encountered major challenges during financial crises and the COVID-19 pandemic, primarily due to lockdowns and economic disruption. Despite challenges, data from FY 2006–2007 to FY 2024–2025 indicate strong growth in the MSME sector, with enterprises and employment growing at a CAGR of 6.37% and 6.29% respectively, and women's entrepreneurship rising by 11.30%. As a key contributor to inclusive growth, the sector requires targeted support and well-formulated strategies to maximize its impact.

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