

A Study on Udhyam Registrations in MSME Sector with Reference to Aatma Nirbhar Bharat Abhiyan

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Abstract

Entrepreneurs may be defined as the person or a group of person who initiate, organize and operate a business enterprise. A entrepreneur is therefore a confident, creative and innovative person desiring economic independence individually and simultaneously creating employment opportunities for others. The aim of the study is to study the present status of udhyam registrations in India after the launch of Aatma Nirbhar Bharat Abhiyan and to observe the top states on the basis of Udhyam registrations. The share of male entrepreneur registrations in India as on 31 December 2021 was 79.63 % , whereas women entrepreneurs in India on the same period was 20.37%. The top five states on the basis of Udhyam registrations in Micro enterprise were Uttar Pradesh West –Bengal Tamil Nadu, Maharashtra and Karnataka. The top five states on the basis of Udhyam registrations in small enterprise were Gujarat, Uttar-Pradesh Madhya-Pradesh, Tamil Nadu Kerala and Rajasthan. Micro and Small enterprise registration has been increasing from the year 2015-16 to 2020-21. The top five states on the basis of Udhyam registrations are Maharashtra, Gujarat Uttar-Pradesh Madhya- Pradesh and Haryana. The state wise registrations were found to be uneven. The MSME's registered in manufacturing sector is 32% compared to service sector with 68% share. The registrations by micro enterprises is 60, 62,213 followed by small enterprises 3,14,150 and medium enterprises with 34,090. If we talk about the social category of the owners of the enterprises 62% of the owners belong to general category followed by OBC Category with 29%, SC Share 7% of registrations and the ST owners share only 2% of registrations.

Different Government Schemes and natives for start-ups have been given to promote the economic development in post Covid activities.

Key Words: Entrepreneurs, Confident, Innovative, Employment, Self-financed, Establishments

Introduction

In the aftermath of COVID-19 pandemic, Hon'ble Prime Minister was quick to recognize the role of MSMEs in building the Nation. As such, MSMEs formed a very prominent part of the announcements made under the Aatmanirbhar Bharat Abhiyaan. Under this package, the MSME sector has not only been given substantial allocation but has also been accorded priority in implementation of the measures to revive the economy. To provide immediate relief to MSME sector, various announcements have been made under the Package. In line

with Government of India's top focus on energizing MSMEs in the country, the Ministry of MSME is focusing on all aspects. In addition to the existing credit related schemes and other announcements, the following two announcements were made under the Aatmanirbhar Bharat Package to provide better access to finance for MSMEs:

Rs 20,000 corers Subordinate Debt for Stressed MSMEs • Credit Guarantee Scheme for Subordinate Debt (CGSSD) for Stressed MSMEs was finalized and launched on 24th June, 2020. The scheme was initially in effect till 31st March, 2021 only but subsequently the tenure was extended till 31st March, 2022. • Under the scheme, funds are infused for the revival of those MSMEs whose accounts have become Stressed (SMA-2 or NPA) but units are operational. • The Government of India contributes Rs 4,000 crore for creation of a corpus for extending guarantees to the loans to be given to the promoters of eligible units. • The Scheme is being implemented through Credit Guarantee Trust for Micro and Small Enterprise and the target under the scheme is to guarantee the loans to the tune of Rs 20,000 crore. • Out of the total corpus of Rs 4,000 crore, Rs. 157.41 crore was released to CGTMSE in March 2021. The proposal for modification in the scheme guidelines is in progress. As on 31st December, 2021, 36 banks have been extended guarantees amounting of Rs. 81.78 crore to 756 borrowers.

Rs 50,000 cr. Equity infusion for MSMEs through Self Reliant India Fund (Fund of Funds): • Objective: - The objective of Self Reliant India Fund (SRI Fund) is to address the perennial need of growth capital of MSMEs. It is essential to infuse funds by the Government of India which can catalyze and leverage pools of capital from other stakeholders like Private Equity, Venture Capital, etc. to create a multiplier effect on the economy and, therefore, making growth capital available to MSMEs thereby making them more competitive in the global markets. Annual Report 2021-22 15 • Under Aatma Nirbhar Bharat Package, the Government of India announced to set up an INR 10,000 crore Fund of Funds for MSMEs. This fund, which is called Self Reliant India (SRI) Fund, has the objective of supporting Venture Capital (VC) / Private Equity (PE) firms investing in the MSME sector to encourage them to invest in the MSME segment. • This Fund will address the growth capital funding challenges of MSME sector and give them a thrust to break their barriers, encourage corporatization and allow them to grow to their full inherent potential to become global champions. With Government intervention, the Fund would be able to channelize diverse variety of funds into underserved MSMEs and address the growth needs of viable and high growth MSMEs. • In order to implement the SRI-Fund, NSIC Venture Capital Fund Limited, a Special Purpose Vehicle (SPV) created as a wholly owned subsidiary of The National Small Industries Corporation (NSIC) was got registered on 1st September, 2021, as a Category II Alternative Investment Fund (AIF). Subsequently, the Contribution Agreement amongst (i) Ministry of MSME, Government of India (ii) National Small Industries Corporation Limited (iii) NSIC Venture Capital Fund Limited, and (iv) SBICAP Ventures Limited was signed on 12th October, 2021. • The funds to be mobilized by the Daughter funds and funds to be committed by SRI Fund would be in the ratio of 4:1 and it is expected that the initiatives of SRI Fund shall create a multiplier effect thereby providing significant liquidity of nearly INR 50,000 crore to MSME sector, thereby enabling economic growth of the country.

Udyam Registration:

This Ministry, vide notification no. S.O.2119 (E) dated 26.06.2020, has notified a composite criteria of classification of MSMEs based on investment in plant & Machinery/equipment and turnover of MSMEs. The guidelines regarding composite criteria of classification of MSMEs are available on link: <https://msme.gov.in/sites/default/files/IndianGazette.pdf>. Based on composite criteria of classification of MSMEs, this Ministry has replaced the erstwhile process of filing of Udyog Aadhaar Memorandum, by 'Udyam' registration on a portal developed by this Ministry. Now the existing and prospective entrepreneurs may file their 'Udyam' Registration online on portal: <https://udyamregistration.gov.in>. As on 10.01.2021 a total number of 65,23,067 were classified, consisting of 21,13,233 enterprises registered under Manufacturing category and 44,09,834 enterprises registered under Service sector. • Exemption from requirement of having GSTIN: This Ministry, vide notification No. S.O.1055(E) dated 05.03.2021, has notified that the exemption from the requirement of having GSTIN shall be as per the provisions of the Central Goods and Services Tax Act, 2017 (12 of 20 17), which will lead to increase in the registration on Udyam Registration portal. • Inclusion of Retail and Wholesale Trade: With effect from 2nd July, 2021, the Government has included Retail and Wholesale Trades as MSMEs. They are allowed to be registered on Udyam Registration Portal. Benefits to them are restricted to Priority Sector Lending only. • Inclusion of Urban Street Vendors in MSME Category: With effect from 2nd August, 2021, the Government has included Street Vendors as Retail Trades as MSMEs. They Annual Report 2021-22 9 are allowed to be registered on Udyam Registration Portal. Benefits to them are restricted to Priority Sector Lending only. •

Registration of New MSMEs

One of the critical indicators to assess the successful development of MSME Sector in an economy is the data on opening of new MSMEs; it depicts the conducive environment for opening and growth of such units in an economy as well as show the high morale of entrepreneurs in the macroeconomics of the economy. Before the MSMED Act, 2006, there was a system of registration by small scale industrial units to the DICs. Subsequently, as per the provisions of the MSMED Act, 2006, MSMEs used to file Entrepreneurs Memorandum (Part-I) at District Industries Centres (DICs) before starting an enterprise. After commencement of production, the entrepreneur concerned used to file Entrepreneurs Memorandum (Part-II) / [EM-II].

Ministry has replaced the erstwhile process of filing of Udyog Aadhaar Memorandum, by 'Udyam' registration on a portal developed by this Ministry based on composite criteria of classification of MSMEs, notified vide Notification dated 26.06.2020. Now the existing and prospective entrepreneurs may file their 'Udyam' Registration online on portal: <https://udyamregistration.gov.in>.

Differences between Udyog Aadhaar and Udyam registration

Udyam and Udyog Aadhaar are the same processes used to register MSMEs in India. The earlier Udyog Aadhaar registration has been transformed to the new Udyam registration since July 2020.

Registration Method

For the registration process, Udyog Aadhaar only requires the applicant's Aadhaar card and PAN number, and it provides instant self-certification as per old MSME criteria. In contrast, Udyam Registration only requires the applicant's Aadhaar card and provides verified certification per new MSME criteria.

Integration of Other Portals

Udyam registration is fully integrated with other MSME portals While Udyog Aadhaar is not integrated with other government portals such as Gem

Form for Registration

Compared to Udyog Aadhaar, the Udyam Portal features a longer form requiring details from the Income Tax portal and GST departments for the registration procedure. Udyam registration requires an Aadhaar card linked to a mobile number.

Objectives of the study

- To study the MSME registration process in E- udhyam.
- To study the present status of udhyam registrations in India.
- To observe the top states on the basis of udhyam registrations
- To observe the top Micro and Small enterprise registration states.

Research Methodology

Various research papers, journals; articles are observed and studied in Google search drive. The study involves entrepreneurs' related article, government websites for observing the present data of features MSME entrepreneurship states in India. The data from various government sites are tabulated, and analyzed to get the useful information. Based on the secondary data from various government sites, conclusions have been taken.

Literature Review:

HemamaliniA [1] explained in her research studies that the village and MSME units account for about 45% of the total industrial production, 30% of the country exports and estimated to employ 96 millions person in over 26 million units throughout the country. It was identified that entrepreneurship is integrally related to variables of environment, structure, strategy and leader personality, and that these relationships vary systematically and logically from one type of firm to another. The scientific interest, expertise and desire for learning and career development among the entrepreneurs may lead them to reverie and wish to implement ideas for innovation and organization renewal. In India, at the end of the ninth Five Year Plan, the overall unemployment rate was estimated to be 7.32%. The female unemployment rate was 8.50%. The rate of growth of women unemployment in the rural areas was 9.80%. This is because of the low growth of new and productivity employment. At the end of the ninth Five year Plan, the rate of growth of employment was only 2.47%. With the new emphasis now given to the role and impact of micro enterprises as well as small and medium sized businesses for growth and job creation, all considered essential factors for achieving social and economic development; micro enterprise has become very fashionable and is attracting increased attention.

Nagaraju C.[2], explained in his research studies that Indian economy is to a great extent characterized by large number of people working in unorganized sector as unorganized worker; transitional nature of the Indian economy, disparity in education, skill and training some of the major factors abetting such a large concentration of workers in an area where workers are more vulnerable. the Indian economy is largely characterized by huge numbers of people employed informally in the unorganized sector. Unrecognized sector has a pivotal role in the Indian economy in terms of its contribution to GDP and employment, but the role of this sector is fully ignored. It is in his regard there an urgent need to study the working conditions, safety and security wage and salary administration of unorganized sectors with special reference to stone crushing units of Mandya district. There is a disparity between organized and unorganized working as regards the compensation concerned. The wages paid in stone crushing industries is less than the wages of workers working under MGNAREGA scheme of GOI (Mahatma Gandhi National rural employment guarantees Act.

Kumar R.[3] explained in his research findings that Micro, Small and Medium Enterprises (MSMEs) is backbone of the Indian economy. MSMEs have been playing important role in the economic development of the India where unemployment and poverty are major problem. This study highlights the contribution of MSMEs in the economic growth of India regarding GDP, Employment, Production and export in Indian economy. the MSMEs sector during the period 1992-93 to 2010-11 is recorded a tremendous growth. The result indicated that the Compound Annual Growth Rate (CAGR) of Employment, production, market value of fixed assets and export in period of 1992-93 to 2010-11 is respectively 9.58%, 14.96%, 14.56%, and 18.62% which is more than the GDP rate of India in this period.

Results and Discussions

Number of Registration

Udyog Aadhaar can be registered several times with different corporate names, but Udyam registration can be obtained by a single person with a single Aadhar card.

An analysis of Udayam Registration provides a break-up of Manufacturing and Services MSMEs. It may be noted that MSMEs in Service Sector comprise a larger proportion of Annual Report 2021-22 Udayam Registration as compared to those MSMEs in Manufacturing Sector.

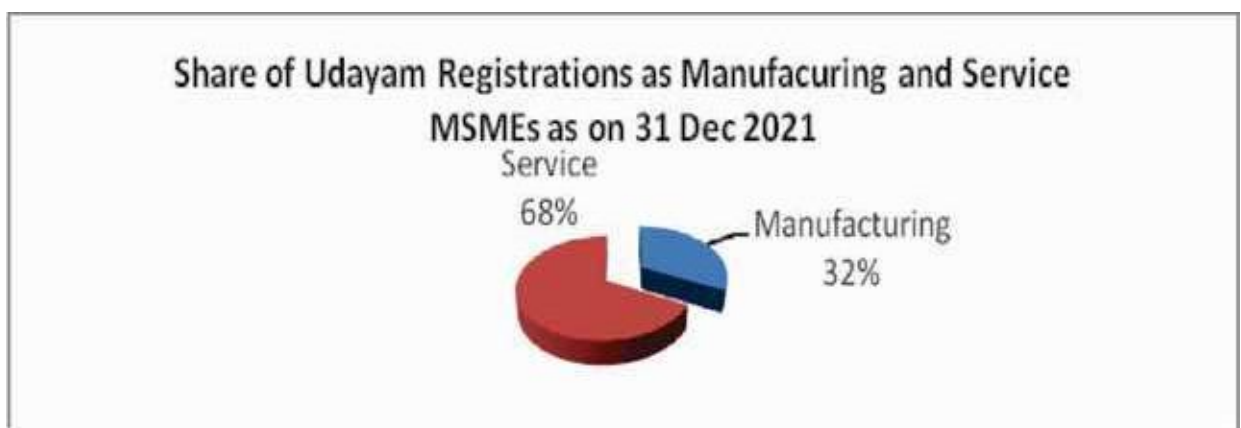
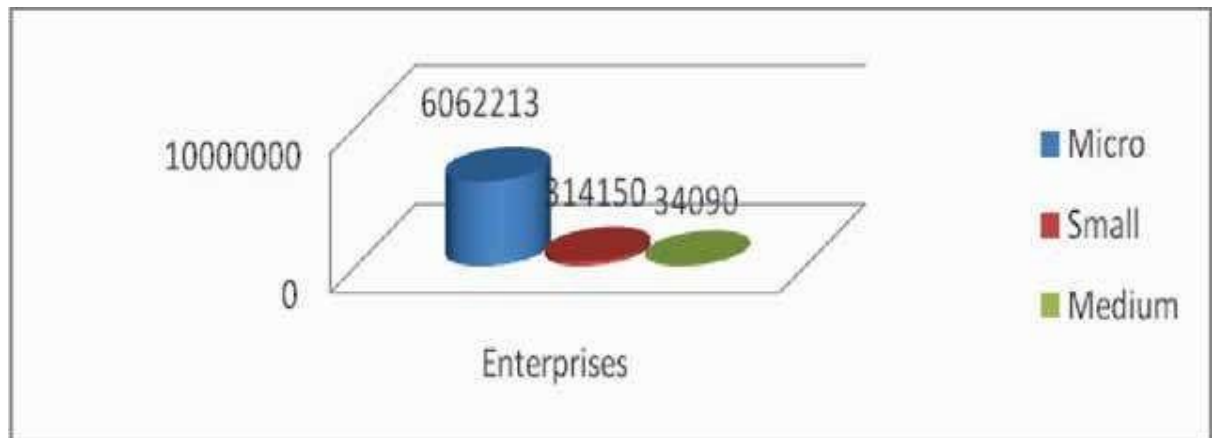


Figure 2 shows the distribution of Udayam Registration by Micro, Small and Medium enterprises as on 31 Dec 2021. As can be seen, Micro MSMEs constitute the vast majority of the enterprises followed by the Small Enterprises and the Medium Enterprises of the total of Udayam Registration

Figure 2 : Distribution of Micro, Small & Medium Enterprises as per Udayam Registrations as on 31 December, 2021

Source: www.msme.gov.in



Percentage Distribution of Enterprises in rural and urban areas. (Male/ Female ownership)

Male/ Female Ownership

Out of 633.88 MSMEs, there were 608.41 lakh (95.98%) MSMEs were proprietary concerns. There was dominance of male in ownership of proprietary MSMEs. Thus, for proprietary MSMEs as a whole, male owned 79.63% of enterprises as compared to 20.37% owned by female. There was no significant deviation in this pattern in urban and rural areas, although the dominance of male owned enterprises was slightly more pronounced in urban areas compared to rural areas (81.58% as

Table 1. Male/ Female Ownership

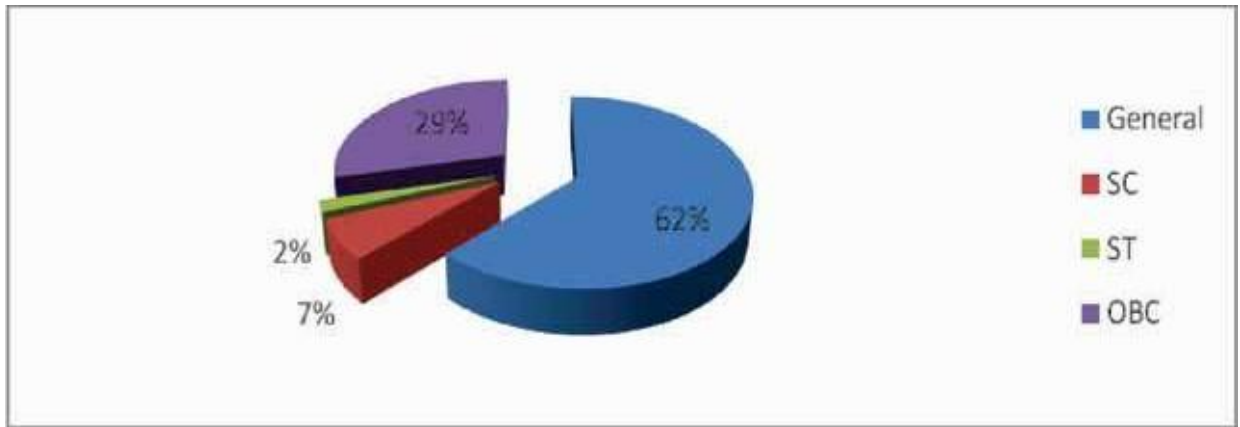
compared to 77.76%).

Sector	Male	Female	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
All	79.63	20.37	100

Udayam Registrations also collect information regarding social category of owners of enterprises. Figure 3 shows the distribution of SCs, STs, OBCs and General as per Udayam Registrations as on 31 Dec 2021. Annual Report 2021-22 32

Figure 3: Distribution of SC/ ST/ OBC/General enterprises as per Udayam

Ownership of Enterprises Social Category Wise



The socially backward groups owned almost 66.27% of MSMEs. Bulk of that was owned by OBCs (49.72%). The representation of SC and ST owners in MSME sector was low at 12.45% and 4.10% respectively. In rural areas, almost 73.67% of MSMEs were owned by socially backward groups, of which 51.59% belonged to the OBCs. In urban areas, almost 58.68% belonged to the socially backward groups, of which 47.80% belonged to the OBCs. An analysis of the Udayam Registrations shows the state-wise distribution as uneven. Figure 4 shows the distribution of Udayam Registrations across all Major States and UTs. Distribution of Udayam Registrations across all Major States as on 31st December, 2021

Figure 4.State-wise Distribution of Estimated Number of MSMEs

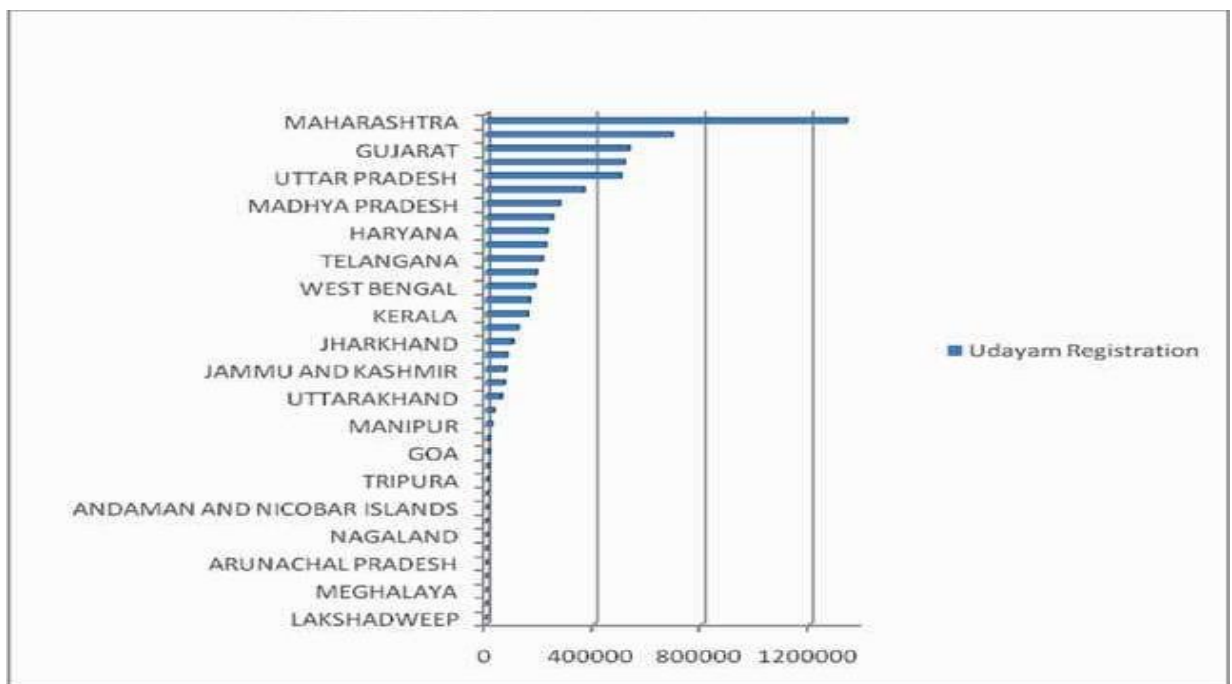


Table 2. Udayam Registrations across all Major States

Table 2 : State-wise Distribution of Estimated Number of MSMEs

Sl. No.	State/UT	Estimated number of enterprises (Number in lakh)			
		All	Micro	Small	Medium
(1)	(2)	(19)	(20)	(21)	(22)
1	Andhra Pradesh	33.74	0.13	0.00	33.87
2	Arunachal Pradesh	0.22	0.00	0.00	0.23
3	Assam	12.10	0.04	0.00	12.14
4	Bihar	34.41	0.04	0.00	34.46
5	Chhattisgarh	8.45	0.03	0.00	8.48
6	Delhi	9.25	0.11	0.00	9.36
7	Goa	0.70	0.00	0.00	0.70
8	Gujarat	32.67	0.50	0.00	33.16
9	Haryana	9.53	0.17	0.00	9.70
10	Himachal Pradesh	3.86	0.06	0.00	3.92
11	Jammu & Kashmir	7.06	0.03	0.00	7.09
12	Jharkhand	15.78	0.10	0.00	15.88
13	Karnataka	38.25	0.09	0.00	38.34
14	Kerala	23.58	0.21	0.00	23.79
15	Madhya Pradesh	26.42	0.31	0.01	26.74
16	Maharashtra	47.60	0.17	0.00	47.78
17	Manipur	1.80	0.00	0.00	1.80
18	Meghalaya	1.12	0.00	0.00	1.12
19	Mizoram	0.35	0.00	0.00	0.35
20	Nagaland	0.91	0.00	0.00	0.91
21	Odisha	19.80	0.04	0.00	19.84
22	Punjab	14.56	0.09	0.00	14.65
23	Rajasthan	26.66	0.20	0.01	26.87
24	Sikkim	0.26	0.00	0.00	0.26
25	Tamil Nadu	49.27	0.21	0.00	49.48
26	Telangana	25.94	0.10	0.01	26.05
27	Tripura	2.10	0.01	0.00	2.11
28	Uttar Pradesh	89.64	0.36	0.00	89.99
29	Uttarakhand	4.14	0.02	0.00	4.17
30	West Bengal	88.41	0.26	0.01	88.67
31	A & N Islands	0.19	0.00	0.00	0.19
32	Chandigarh	0.56	0.00	0.00	0.56
33	Dadra & Nagar Haveli	0.15	0.01	0.00	0.16
34	Daman & Diu	0.08	0.00	0.00	0.08
35	Lakshadweep	0.02	0.00	0.00	0.02
36	Puducherry	0.96	0.00	0.00	0.96
ALL		630.52	3.31	0.05	633.88

Figure 6 indicates the states of MSMEs of udhyam registrations where Uttar Pradesh is the top of the list in the year 2020-21 having 89.9 registration. Other states in the top five list are West Bengal, Tamil Nadu, Maharashtra and Karnataka.

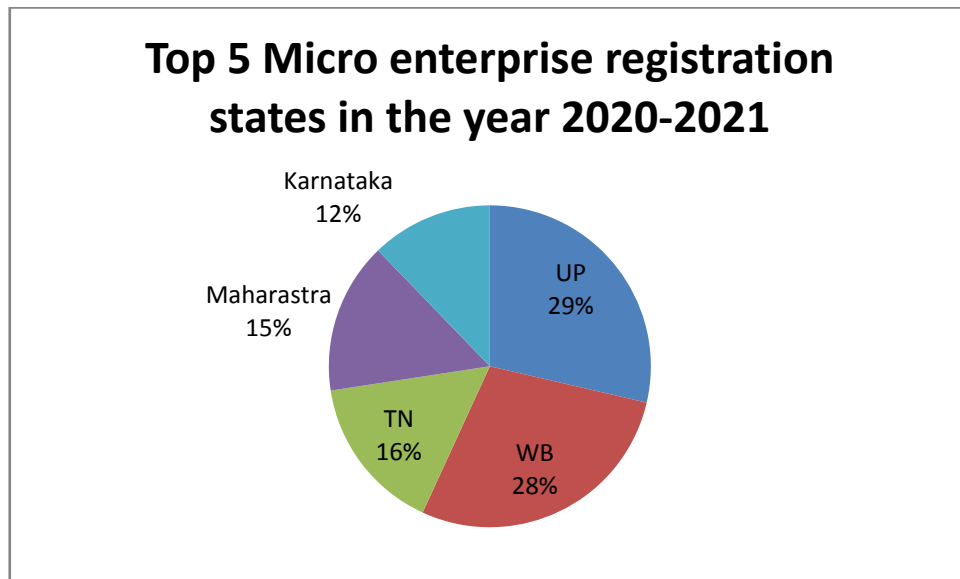
Figure 7 :Top Five Micro Enterprise registration states of MSME in the year 2020-21

Figure 7 indicates the top five states of Micro enterprises of udhyam registrations where Uttar Pradesh is the top of the list in the year 2020-21 having 29% registration. Other states in the top five list are West Bengal, Tamil Nadu, Maharashtra and Karnataka.

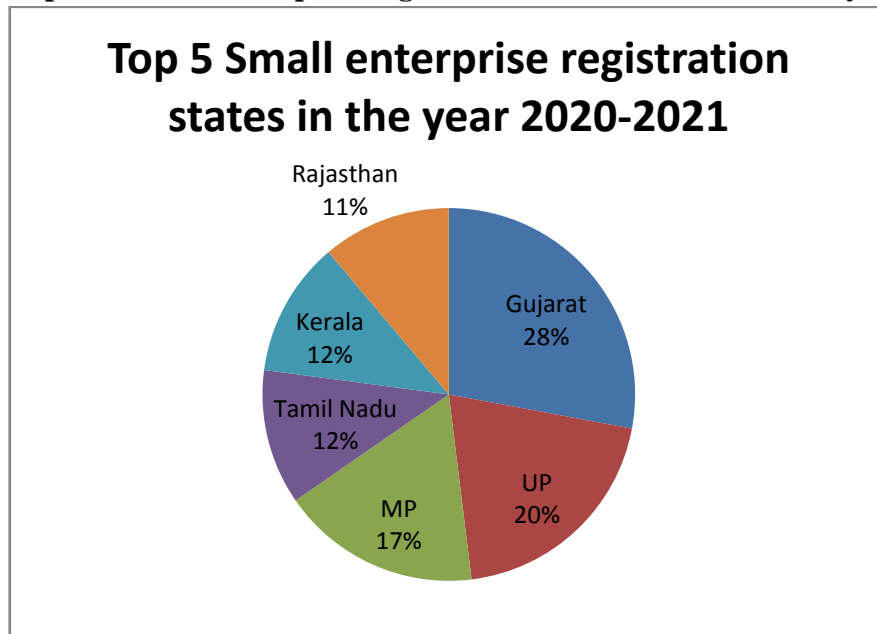
Figure 8 :Top Five small Enterprise registration states of MSME in the year 2020-21

Figure 8 indicates the top five list of states of small enterprise udhyam registration of the year 2020-21. Here Gujarat was the top of the list having 28% registrations. Other states in top five list are UP, MP, Tamil Nadu, Kerala and Rajasthan.

Conclusion

It is concluded that Indian Economy have huge potential to achieve self-reliance but it requires proper implementation of laws made by government and proper allocation of funds allotted by the government. Atmnibhar bharat abhiyan has given the importance of MSME for the revival of the Indian economy and boosting the self-reliance of domestic products and decrease in the use of imported products.

From the study it can be concluded that the share of male entrepreneur registrations in India as on 31 December 2021 was 79.63 % , whereas women entrepreneurs in India on the same period was 20.37%. The top five states on the basis of Udhyam registrations in Micro enterprise were Uttar Pradesh West –Bengal Tamil Nadu, Maharashtra and Karnataka. The top five states on the basis of Udhyam registrations in small enterprise were Gujarat, Uttar-Pradesh Madhya- Pradesh, Tamil Nadu Kerala and Rajasthan. Micro and Small enterprise registration has been increasing from the year 2015-16 to 2020-21. The top five states on the basis of Udhyam registrations are Maharashtra, Gujarat Uttar-Pradesh Madhya- Pradesh and Haryana. The state wise registrations were found to be uneven. The MSME's registered in manufacturing sector is 32% compared to service sector with 68% share. A systematic framework is required to include MSMEs in making the 'Atmanirbhar Bharat' a reality. It may be advised that there is need to understand our strengths and accordingly to bring-up and support the industry.

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