



GLOBAL JOURNAL OF ADVANCED RESEARCH  
(Scholarly Peer Review Publishing System)

# THE STATE OF SMALL BUSINESSES IN INDIA

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## ABSTRACT

Small businesses play a vital role in the Indian economy, accounting for over 40% of the country's GDP. This article provides an overview of the state of small businesses in India, including the number of small businesses, the sectors they operate in, the challenges they face, and the help or schemes provided by the Indian government. The article also explores the impact of technology on small businesses in India and the role of women in small businesses. The article concludes with a discussion of the future of small businesses in India.

**Keywords:** Small businesses in India, MSMEs in India, Challenges of small businesses in India, Help or schemes provided by Indian government, Impact of technology on small businesses in India, Role of women in small businesses in India and Future of small businesses in India

## 1. INTRODUCTION

Small businesses are the backbone of the Indian economy. They account for over 99% of all businesses in India and employ over 80% of the workforce. Small businesses play a vital role in the Indian economy, providing goods and services to consumers and businesses alike.

The definition of a small business varies from country to country. In India, a small business is defined as a business with fewer than 50 employees. However, there are other factors that can also be used to define a small business, such as the size of the business's annual turnover or the number of its assets.

The history of small businesses in India can be traced back to the Vedic period. However, it was not until the 19th century that small businesses began to play a significant role in the Indian economy. The Industrial Revolution led to the growth of small businesses in India, as they were able to provide goods and services that were not being produced by large businesses.

Today, small businesses continue to play an important role in the Indian economy. They are responsible for generating a significant amount of economic activity and providing employment to millions of people. Small businesses are also a source of innovation and creativity in the Indian economy.

They also stimulate economic growth, as they reinvest their profits back into the economy. And they are a source of innovation, as they are often the first to introduce new products and services to the market.

Small businesses are often the first to introduce new products and services to the market. They are also more agile and adaptable than large businesses, which makes them well-suited to changing market conditions.

Small businesses are also important for social inclusion. They provide opportunities for people from all backgrounds to start their own businesses and create jobs. This can help to reduce poverty and inequality.

In recent years, the Indian government has taken steps to support small businesses. The government has introduced a number of schemes to help small businesses access finance, get access to markets, and improve their skills. The government has also made it easier for small businesses to comply with regulations.

Despite the government's support, small businesses in India face a number of challenges. These challenges include access to finance, competition from large businesses, and the lack of skilled workers.

## 2. THE RISE OF SMALL BUSINESSES IN INDIA

Small businesses have always been an important part of the Indian economy. However, in recent years, there has been a significant rise in the number and size of small businesses in India. This rise is due to a number of factors, including:

**The growth of the Indian economy:** The Indian economy has been growing at a rapid pace in recent years. This has created new opportunities for small businesses, as there is a growing demand for goods and services.

**The government's support for small businesses:** The Indian government has been supportive of small businesses, providing them with access to finance, training, and other resources.

**The availability of technology:** Technology has made it easier for small businesses to start and grow. For example, e-commerce platforms have made it possible for small businesses to sell their products and services online, reaching a global audience.

As a result of these factors, the number of small businesses in India has grown from around 20 million in 2000 to over 60 million in 2022. The size of these businesses has also grown, with many small businesses now employing more than 50 people.

The rise of small businesses in India has had a number of positive impacts on the economy. Small businesses have created millions of jobs, boosted economic growth, and helped to reduce poverty. They have also been a source of innovation and creativity, helping to drive the Indian economy forward.

However, the rise of small businesses has also posed some challenges. For example, small businesses often face competition from large businesses, which have more resources and can often offer lower prices. Additionally, small businesses can be vulnerable to economic shocks, such as changes in government policy or the global economy.

Despite these challenges, the future of small businesses in India is bright. The Indian economy is expected to continue to grow, which will create new opportunities for small businesses. Additionally, technology will continue to play a role in the growth of small businesses.

Here are some of the key trends that are shaping the growth of small businesses in India:

- The growth of the digital economy is creating new opportunities for small businesses to reach new markets and sell their products and services online.
- The rise of the gig economy is providing new opportunities for small businesses to hire and work with freelancers.
- The increasing availability of affordable technology is helping small businesses to improve their efficiency and productivity.
- The government's focus on entrepreneurship and innovation is creating a more supportive environment for small businesses.

As a result, the number and size of small businesses in India is likely to continue to grow in the years to come. Small businesses will continue to play an important role in the Indian economy, helping to create jobs, boost economic growth, and reduce poverty.

## 3. CHALLENGES OF SMALL BUSINESSES IN INDIA

Despite the growth of small businesses in India, they still face a number of challenges. These challenges include:

**Access to finance:** Small businesses often have difficulty accessing finance. This is because they are often seen as being riskier borrowers than large businesses. Banks and other lenders may be reluctant to lend to small businesses because they may not have the collateral or track record that larger businesses have.

**Competition from large businesses:** Small businesses face competition from large businesses, which have more resources and can often offer lower prices. Large businesses can also afford to advertise more heavily, which can give them an advantage in the marketplace.

**Compliance with regulations:** Small businesses must comply with a complex set of regulations. This can be a challenge for small businesses, as they may not have the resources to comply with all of the regulations. For example, small businesses must often comply with labor laws, environmental regulations, and tax laws.

**Lack of skilled labor:** India has a large population, but there is a shortage of skilled labor. This can make it difficult for small businesses to find the workers they need to grow their businesses.

**Infrastructure challenges:** India's infrastructure is not always up to par. This can make it difficult for small businesses to transport their goods and services, or to access markets. For example, roads may be in poor condition, or there may be a lack of reliable electricity.

**Lack of awareness:** Small businesses often lack awareness of the resources and support that are available to them. This can make it difficult for them to overcome challenges and grow their businesses.

**Lack of access to markets:** Small businesses often have difficulty accessing markets outside of their local area. This can make it difficult for them to grow their businesses.

These challenges can make it difficult for small businesses to succeed in India. However, there are a number of government schemes and programs that are designed to help small businesses overcome these challenges. For example, the government provides loans to small businesses through the Pradhan Mantri Mudra Yojana (PMMY) scheme. The government also provides training and other support to small businesses through the Startup India initiative.

Despite the challenges, there are many opportunities for small businesses in India. The Indian economy is expected to continue to grow in the coming years, which will create new opportunities for small businesses. Additionally, the government is committed to supporting small businesses, which will make it easier for them to succeed.

Despite these challenges, there are a number of things that small businesses can do to overcome them. These include:

**Focusing on their niche:** Small businesses can often compete with larger businesses by focusing on a specific niche market. This can help them to differentiate themselves from their competitors and attract a loyal customer base.

**Using technology:** Technology can help small businesses to improve their efficiency, reach new markets, and compete with larger businesses. For example, e-commerce platforms and social media can help small businesses to sell their products and services online.

**Building relationships:** Small businesses can build relationships with suppliers, customers, and other stakeholders to gain support and resources. This can help them to overcome challenges and grow their businesses.

**Networking:** Networking with other small businesses can help small businesses to learn from each other and share resources. This can be a valuable way for small businesses to grow and develop.

As a result, the future of small businesses in India is bright. Small businesses will continue to play an important role in the Indian economy, helping to create jobs, boost economic growth, and reduce poverty.

#### 4. THE IMPACT OF TECHNOLOGY ON SMALL BUSINESSES IN INDIA

Technology has had a significant impact on small businesses in India. Technology can help small businesses to improve their efficiency, reach new markets, and compete with larger businesses. For example, e-commerce platforms have made it possible for small businesses to sell their products and services online, reaching a global audience.

Technology can also help small businesses to improve their efficiency. For example, cloud computing can help small businesses to save on IT costs. Additionally, social media can be used to connect with customers and promote products and services.

Here are some of the specific ways in which technology has impacted small businesses in India:

**E-commerce:** E-commerce platforms have made it possible for small businesses to sell their products and services online, reaching a global audience. This has helped small businesses to expand their reach and grow their businesses.

**Social media:** Social media has helped small businesses to connect with customers and promote their products and services. For example, small businesses can use social media to run marketing campaigns, generate leads, and build relationships with customers.

**Cloud computing:** Cloud computing has helped small businesses to save on IT costs. Cloud computing services allow small businesses to access computing resources, such as storage and processing power, on demand. This can help small businesses to save money on IT infrastructure and maintenance costs.

**Mobile apps:** Mobile apps have made it possible for small businesses to provide their customers with convenient and easy-to-use services. For example, small businesses can use mobile apps to allow customers to order food, book appointments, or pay for goods and services.

Overall, technology has had a positive impact on small businesses in India. Technology has helped small businesses to improve their efficiency, reach new markets, and compete with larger businesses. As a result, small businesses in India are more productive, profitable, and sustainable.

However, there are also some challenges that small businesses face when using technology. For example, small businesses may not have the resources to invest in new technologies. Additionally, small businesses may not have the expertise to use new technologies effectively.

Technology is a powerful tool that can help small businesses in India to grow and succeed. However, it is important for small businesses to be aware of the challenges of using technology. These challenges include:

**The cost of technology:** Technology can be expensive, so small businesses need to be careful about how they use it.

**The skills gap:** There is a shortage of skilled workers in India who can use technology effectively. This can make it difficult for small businesses to find the talent they need.

**The security of data:** Small businesses need to be aware of the security risks associated with using technology. They need to take steps to protect their data from unauthorized access.

Despite these challenges, technology is a powerful tool that can help small businesses in India to grow and succeed. Small businesses that are able to embrace technology and use it effectively will be well-positioned to succeed in the digital age.

Here are some tips for small businesses in India on how to use technology effectively:

**Start small:** Don't try to implement too much technology at once. Start with a few simple tools and then gradually add more as you need them.

**Choose the right tools:** There are a lot of different technology tools available, so it's important to choose the right ones for your business. Make sure the tools you choose are affordable, easy to use, and secure.

**Get training:** If you're not familiar with how to use technology, get training. There are a lot of resources available, such as online courses and tutorials.

**Stay up-to-date:** Technology is constantly changing, so it's important to stay up-to-date on the latest trends. This will help you make sure you're using the right tools and that your business is secure.

Despite these challenges, the future of technology for small businesses in India is bright. The Indian government is committed to promoting the use of technology by small businesses. Additionally, there are a number of private sector initiatives that are working to help small businesses adopt new technologies.

As a result, the use of technology by small businesses in India is likely to increase in the years to come. This will help small businesses to become more productive, profitable, and sustainable.

## 5. HELP OR SCHEMES PROVIDED BY INDIAN GOVERNMENT

The Indian government provides a number of schemes and programs to help small businesses. These schemes and programs are designed to help small businesses overcome the challenges they face, such as access to finance, compliance with regulations, and lack of skilled labor.

Some of the most important schemes and programs provided by the Indian government include:

**Pradhan Mantri Mudra Yojana (PMMY):** PMMY is a government scheme that provides loans to small businesses. The loans are provided through a network of banks and other financial institutions. The loans are available for up to INR 10 lakhs, and they are interest-free for the first 6 months. PMMY loans were launched in 2015 and have benefited over 110 million borrowers.

**Startup India:** Startup India is an initiative by the government to promote entrepreneurship in India. The initiative provides a number of benefits to startups, including tax breaks, funding, and mentoring. The initiative was launched in 2016 and has helped over 60,000 startups.

**National Entrepreneurship Network (NEN):** NEN is a network of government agencies, private sector organizations, and academia that work together to promote entrepreneurship in India. The network provides a range of services to entrepreneurs, including training, mentoring, and funding. NEN was launched in 2017 and has helped over 20,000 small businesses.

**Udyog Aadhar:** Udyog Aadhar is a government scheme that provides a one-stop shop for registering and starting a business in India. The registration number is valid for all government interactions, and it makes it easier for businesses to comply with regulations. The scheme was launched in 2016 and has helped over 1 million businesses.

These are just some of the many schemes and programs provided by the Indian government to help small businesses. These schemes and programs have helped to make it easier for small businesses to start and grow in India.

### Special Measures under Aatmanirbhar Bharat Abhiyaan

The government announced two major initiatives under the Aatmanirbhar Bharat Abhiyaan to provide better access to finance for MSMEs:

**Rs 20,000 crores Subordinate Debt for Stressed MSMEs:** This scheme provides guarantees to loans given to stressed MSMEs, which are operational but have become SMA-2 or NPA. The target is to guarantee loans worth Rs 20,000 crores.

**Rs 50,000cr. Equity infusion for MSMEs through Self Reliant India Fund (Fund of Funds):** This fund of funds will support venture capital and private equity firms investing in MSMEs. The goal is to address the equity funding challenges of MSMEs and help them grow into global champions.

The government also extended the validity of the Emergency Credit Line Guaranteed Scheme (ECLGS) up to March 2023 and increased its guarantee cover by Rs 50,000 crores to Rs 5 lakh crores. This scheme provides collateral-free loans to MSMEs and other businesses.

As of December 2022, the ECLGS has issued guarantees worth Rs 3.60 lakh crores to 1.19 crore accounts.

These initiatives are expected to help MSMEs recover from the COVID-19 pandemic and grow in the coming years.

### Swachhta Pakhwada by Ministry of MSME

The Ministry of MSME celebrated the Swachhta Pakhwada from June 16 to 30, 2022. The focus was on keeping the office premises clean. The Ministry and its subordinate organizations took up the task of regular sanitization of the office premises.

### 12 Key Announcements by Hon'ble Prime Minister

The Hon'ble Prime Minister made 12 key announcements in the support and outreach programme for MSMEs on November 2, 2018. These announcements are aimed to address various challenges faced by MSMEs such as access to credit, market access, technology upgradation, ease of doing business, social security for employees of MSMEs etc.

The status of these announcements as of January 2, 2023 is as follows:

S. No.	Announcement	Summary Updated Status as on 02.01.2023
1.	Launch of 59-minute loan portal to enable easy access to credit for	<ul style="list-style-type: none"> <li>2,44,233 numbers of loans, involving Rs. 83,532 crores have been sanctioned.</li> </ul>

	MSMEs. In-principle approval of loans up to Rs. 1 crore through the portal. Portal link through GST portal.	<ul style="list-style-type: none"> <li>2,26,145 numbers of loans, involving Rs. 67,476 crores have been disbursed.</li> </ul>
2.	(i) 2% interest subvention for all GST registered MSMEs, on incremental credit.	<ul style="list-style-type: none"> <li>SIDBI has received and settled the claims of Rs. 975 crores from 62 Banks/NBFCs.</li> </ul>
	(ii) Increase in interest rebate from 3% to 5% for exporters who receive loans in the pre-shipment and post-shipment period	<ul style="list-style-type: none"> <li>The Interest Equalization Scheme was extended upto 31.03.2024 vide RBI circular dated 08.03.2022 as per the appraisal done by Expenditure Finance Committee and approval given by the Cabinet Committee on Economic Affairs (CCEA).</li> <li>Revised rates for Interest equalization Scheme are 3% for MSME manufacturer exporters exporting under any HS lines and 2% for manufacturer exporters and merchant exporters exporting under 410 HS lines.</li> <li>A sum of Rs. 2621.5 cr has been allocated under BE 2022-2023 for the scheme out of which, a sum of Rs. 2806.92 cr has been released to RBI till date.</li> <li>In order to capture granular data about the beneficiaries of the scheme and its effective monitoring, a new online module for filing electronic registration for Interest Equalisation Scheme was operationalised w.e.f. 01.04.2022 vide DGFT's Trade Notice No. 38/2021-22 dated 15.03.2022.</li> </ul>
3.	(i) Companies with turnover of more than Rs. 500 crore to be brought on the Trade Receivables e-Discounting System (TReDS) to enable entrepreneurs to access credit based on upcoming receivables	<ul style="list-style-type: none"> <li>Gazette notification issued.</li> <li>A list of 4714 companies having turnover of more than Rs. 500 Crore was identified by the M/o Corporate Affairs (in April 2021). After filtering out companies which are registered on TReDS and which are Central Govt. Companies (for Central Public Sector Enterprises, D/o Public Enterprises, Govt. of India shall be competent authority for monitoring compliance as per Notification No.SO.5621(E) dated 02.11.2018 issued by M/o MSME), out of these 4714 Companies identified by M/o Corporate Affairs for taking action, so far 1673 companies have registered themselves on the TReDS portal.</li> <li>Letters issued to all RDs/ROCs to call meeting of companies with turnover of Rs. 500 cr. and above and ensure that all such companies are on boarded on TReDS platform.</li> </ul>
	(ii) All CPSUs to be onboarded on TReDS Platform.	<ul style="list-style-type: none"> <li>DPE has communicated to all CPSEs regarding on boarding of CPSEs on TReDS platform.</li> <li>195 CPSEs already on boarded on TReDS.</li> </ul>
4.	Central Public Sector Undertaking (CPSUs) units to make mandatory procurement of 25% instead of 20% from MSEs.	During 2022-23 so far, CPSUs have procured goods and services worth Rs 38,432.29 crore from 1,44,987 MSEs that worth out to be 35.59% of the total procurement.
5.	CPSUs to make mandatory procurement of 3% from Women Entrepreneurs out of 25% mandatory procurement.	During 2022-23 so far, CPSUs have procured goods and services worth Rs 1,035.66 crore from 7,658 women MSEs that worth out to be 0.96% of the total procurement.
6.	CPSUs to compulsorily be part of Public Procurement Portal GeM-Government e-Marketplace. CPSUs to get their vendors registered on GeM	<ul style="list-style-type: none"> <li>277 CPSUs/CPSBs has been on boarded /registered on GeM portal post 02.11.2018.</li> <li>Total 8,34,696 MSE Sellers &amp; Service providers registered on GeM portal.</li> </ul>

	portal	<ul style="list-style-type: none"> <li>55.10% of orders value on GeM portal is from MSEs.</li> </ul>
7.	20 Hubs and 100 Spokes in the form of Tool Rooms for Technological Upgradation to be established across the country with a fund allotment of Rs. 6000 crore.	<p><b>Status of Technology Centres (TCs):</b></p> <ul style="list-style-type: none"> <li>Locations for 20 Technology Centres finalised.</li> <li>Land finalised at 10 locations. Land at two locations is in possession of this office and at 8 locations, land is in process of transfer. For other locations the land identification / finalization is in process.</li> </ul> <p><b>Status of Extension Centres (ECs):</b></p> <ul style="list-style-type: none"> <li>Out of 35 approved locations for Extension Centres, 24 Extension Centres are in the process of establishment after approval of their DPRs.</li> <li>17 out of these have started conducting training programmes and assisting MSMEs.</li> <li>During the year 2021-22, 9664 trainees have been trained and 355 MSME have been assisted by these Extension Centres as on 31.12.2021.</li> <li>Four Extension Centers established at Berhampur (Odisha), Jaipur, Nagaur (Rajasthan) and Srinagar (Jammu and Kashmir) inaugurated.</li> <li>Physical Progress: 26 ECs approved.</li> </ul>
8.	Clusters for Pharma MSMEs to be formed and supported with 70% Govt. of India assistance	<ul style="list-style-type: none"> <li>The proposals were received from all the 4 districts viz. Aurangabad, Pune, Solan (Baddi) and Indore. The status of each proposal is given below. • The proposal received from Indumati Pharma Pvt. Ltd., Pune was accorded its final approval on 26.03.2021.</li> </ul> <p>Details of the Project is as follows:-</p> <p>Project Cost:- 31,43,75,175/-</p> <p>Financial Assistance to be given:- Rs. 20.00 cr.</p> <p>Amount released:- Rs. 5,48,97,816 (Part payment of the 1st installment of 30% of financial assistance to be given)</p> <ul style="list-style-type: none"> <li>The Proposal received from Government of Himachal Pradesh for providing financial assistance for an existing Pharma Testing Lab Solan (Baddi) has been dropped from the list on the request of Government of Himachal Pradesh.</li> <li>The Proposal received from Marathwada Pharma Cluster, SPV, Aurangabad for setting up a Pharma Cluster in the Marathwada region of Maharashtra has been rejected.</li> <li>The proposal received from the Department of MSME, Government of Madhya Pradesh regarding the project from M.P. Small Scale Drug Manufacturer's Association has been rejected.</li> <li>The Proposal received from Marathwada Pharma Cluster, SPV, Aurangabad for setting up a Pharma Cluster in the Marathwada region of Maharashtra has been rejected.</li> <li>The proposal received from the Department of MSME, Government of Madhya Pradesh regarding the project from M.P. Small Scale Drug Manufacturer's Association has been rejected.</li> </ul>
9.	Only one annual return to be filed for 8 Labour laws and 10 Union regulations to simplify Government procedures.	<ul style="list-style-type: none"> <li>All the Regional Heads were advised to vigorously reach out to the employers in their region to make them aware about the facility of filing of Online Unified Annual Return on ShramSuvidhaPortal under 8 Labour Laws and 10 Central Rules.</li> <li>Under the Unified Annual Return on Shram Suvidha Portal under 8</li> </ul>



		Labour Laws and 10 Central Rules, 2,36,072 Unified Annual Returns for the period from 01.11.2018 to 30.06.2022 have been filed by the establishments.
10.	Computerized random allotment for visits to firms by Inspectors to simplify Government procedures.	Under the risk based computerised random allotment system through Shram Suvidha Portal, 2,57,821* establishments (including for MSME establishments) have been inspected through computerized random allotment system and all inspection reports have been uploaded on Shram Suvidha Portal, out of which 81,292* have been uploaded within 48 hrs.  * figures for the period 01.11.2018 to 30.06.2022.
11.	Environment Clearance and Consent to establish unit, under air pollution and water pollution laws, to be merged into a single consent. Return to be accepted on the basis of Self-Certification.	Central Pollution Control Board (CPCB) has issued the directions, already for the one step process of the EC and CTE to all the state governments under the provisions of Air and Water Act on 2nd November, 2018. However, the operations of the said directions were stayed by Hon'ble High Court of Delhi. As of now matter is sub-judice.
12.	Ordinance has been promulgated to enable entrepreneurs to correct the minor violations under the Companies Act through simple procedures rather than to approach Courts.	Ordinance promulgated on 02.11.2018 by the Ministry of Corporate Affairs has now become COMPANIES (AMENDMENT) ACT, 2019. This enabled entrepreneurs to correct the minor violations under the Companies Act through simple procedures (imposition of penalty) rather than to approach Courts (imposition of fine/ imprisonment). All the cases in which hearing done by ROCs to impose penalty are uploaded on the Website of Ministry of Corporate Affairs.

**Source:** Annual report 2022-2023, Ministry of Micro, Small and Medium Enterprises, Government of India

## Progress of Skill Development Programmes

Skill training programmes are conducted by a network of institutions under the Ministry i.e. Khadi & Village Industry Commission (KVIC), Coir Board, National Small Industries Corporation Ltd. (NSIC), National Institutes for MSME (ni-msme) and MSME – Technology Centres (TCs).

Organizations under the Ministry of Micro, Small, and Medium Enterprises (MSME) provide skill training to youths for wage employment and self-employment. They also offer skill upgradation training to existing entrepreneurs and working professionals to help them improve their performance. These trainings are offered under various schemes, such as:

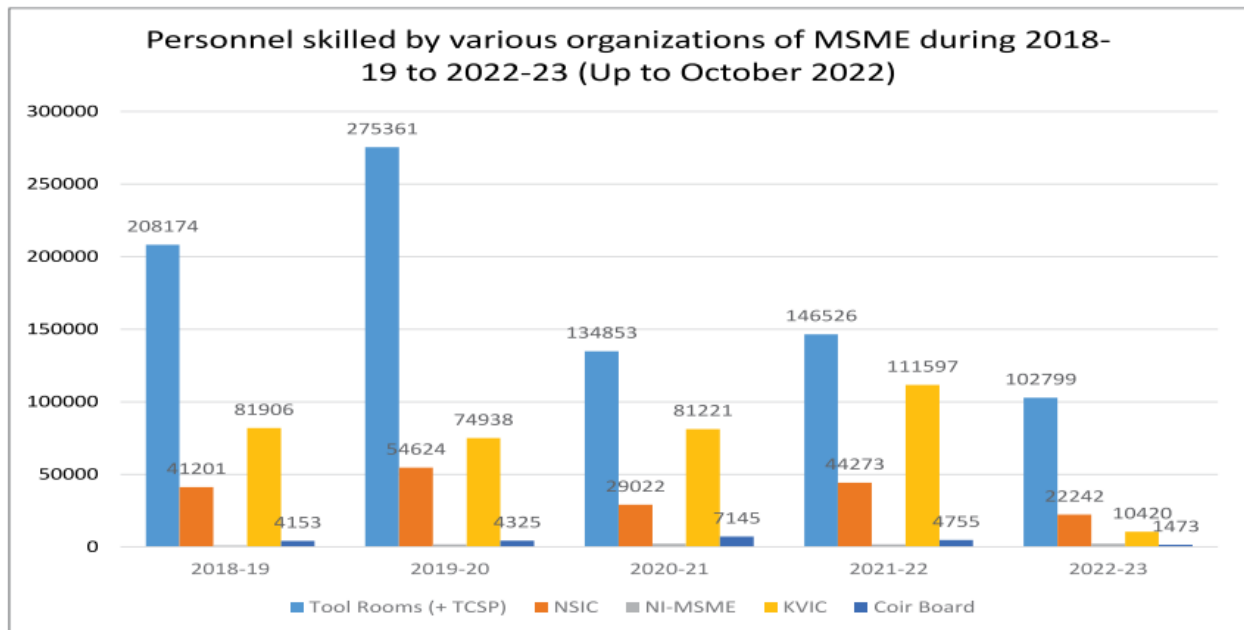
- MSME-Technology Centres (MTCs)
- Assistance to Training Institutions (ATI)
- National SC/ST Hub
- Capacity Building
- Coir Vikas Yojna – Skill Upgradation & Mahila Coir Yojna

In addition, organizations under the Ministry also conduct customized demand-driven training courses that are tailored to the specific needs of industries.

This training has helped to improve the skills and employability of millions of people in India. It has also helped to create new jobs and boost economic growth.

The progress of Skill development programmes conducted by the M/o MSME since 2016-17 to 2022-23 (Data upto October 2022) is given in pie chart below.





Source: Annual report 2022-2023, Ministry of Micro, Small and Medium Enterprises, Government of India

In addition to these schemes and programs, the government also provides a number of other forms of support to small businesses, such as:

**Tax breaks:** The government provides tax breaks to small businesses, which can help them to save money.

**Loans:** The government provides loans to small businesses, which can help them to finance their operations.

**Training:** The government provides training to small businesses, which can help them to improve their skills and knowledge.

**Mentorship:** The government provides mentorship to small businesses, which can help them to get advice and guidance from experienced entrepreneurs.

**Networking opportunities:** The government schemes provide networking opportunities for small businesses. This can help businesses to connect with other businesses, and it can also help them to find new customers.

The Indian government is committed to helping small businesses. The schemes and programs provided by the government make it easier for small businesses to start, grow, and succeed.

Here are some of the challenges of these schemes and programs:

**Lack of awareness:** Many small businesses are not aware of the schemes and programs provided by the government. This can make it difficult for them to access the benefits of these schemes and programs.

**Complex application process:** The application process for some of the government schemes can be complex. This can make it difficult for small businesses to apply for these schemes.

**Lack of transparency:** The process for selecting businesses to receive the benefits of some of the government schemes is not always transparent. This can make it difficult for small businesses to know if they are eligible for these benefits.

These forms of support help to make it easier for small businesses to succeed in India. As a result, the Indian government is playing an important role in supporting the growth of small businesses in India.

## 6. THE ROLE OF WOMEN IN SMALL BUSINESSES IN INDIA

Women play an increasingly important role in small businesses in India. Women now account for over 40% of all entrepreneurs in the country.

Women-owned businesses are often more successful than male-owned businesses. This is because women are more likely to focus on customer service and relationships. Additionally, women are more likely to be innovative and creative.

The government has also been supportive of women-owned businesses. For example, the government has launched a number of schemes specifically for women-owned businesses.

Here are some of the ways that women are contributing to small businesses in India:

**Starting businesses:** Women are starting businesses at a faster rate than men in India. In fact, the number of women-owned businesses in India has doubled in the past decade.

**Generating employment:** Women-owned businesses are responsible for generating millions of jobs in India. These jobs are often in sectors that are traditionally dominated by women, such as agriculture, textiles, and food processing.

**Increasing economic participation:** Women's participation in small businesses is helping to increase their economic participation in India. This is having a positive impact on the lives of women and their families.

The role of women in small businesses in India is growing. As more women become entrepreneurs, they are making a significant contribution to the Indian economy.

Here are some of the challenges that women face in starting and running small businesses in India:

**Access to finance:** Women often have difficulty accessing finance for their businesses. This is because they are often seen as being riskier borrowers than men.

**Lack of support:** Women often lack the support they need to start and run successful businesses. This includes support from family, friends, and mentors.

**Gender discrimination:** Women may face gender discrimination in the business world. This can make it difficult for them to get loans, contracts, and other resources.

**Social norms:** Social norms can also pose a challenge for women in small businesses. For example, some women may face pressure from their families to not work outside the home.

Despite these challenges, women are making significant progress in starting and running small businesses in India. The government is playing a key role in supporting women entrepreneurs, and there are a number of private sector organizations that are also providing support. As a result, the future of women in small businesses in India is bright.

Here are some of the resources that are available to women entrepreneurs in India:

**Government schemes:** The government provides a number of schemes and programs to support women entrepreneurs like such as Pradhan Mantri Mudra Yojana (PMMY), Startup India and the National Entrepreneurship Network (NEN). These schemes include loans, training, and mentorship. The government can raise awareness of the challenges that women face and the benefits of women's entrepreneurship through campaigns and other initiatives.

**Private sector organizations:** There are a number of private sector organizations that provide support to women entrepreneurs. These organizations offer loans, training, and mentorship.

**Networking organizations:** There are a number of networking organizations for women entrepreneurs. These organizations provide opportunities for women to connect with each other and share resources.

These resources can help women entrepreneurs overcome the challenges they face and start and run successful businesses.

## 7. THE FUTURE OF SMALL BUSINESSES IN INDIA

The future of small businesses in India is bright. The Indian economy is expected to continue to grow, which will create new opportunities for small businesses. Additionally, the government is committed to supporting small businesses, which will make it easier for them to succeed.

Here are some of the factors that are driving the growth of small businesses in India:

**The growth of the Indian economy:** The Indian economy is expected to continue to grow in the coming years. This will create new opportunities for small businesses, as there will be a growing demand for goods and services.

**Rise of the middle class:** The middle class in India is growing rapidly. This is creating a demand for new products and services, which small businesses can provide.

**The rise of technology:** Technology is making it easier for small businesses to start and grow. For example, e-commerce platforms make it possible for small businesses to sell their products and services online, reaching a global audience.

**The government's support for small businesses:** The Indian government is committed to supporting small businesses. The government provides a number of schemes and programs to help small businesses, such as loans, training, and mentorship.

As a result of these factors, the future of small businesses in India is bright. Small businesses will continue to play an important role in the Indian economy, helping to create jobs, boost economic growth, and reduce poverty.

Here are some of the challenges that small businesses in India will face in the future:

**Competition from large businesses:** Large businesses have more resources than small businesses, and they can often offer lower prices. This can make it difficult for small businesses to compete.

**Access to finance:** Small businesses often have difficulty accessing finance. This is because they are often seen as being riskier borrowers than large businesses.

**Compliance with regulations:** Small businesses must comply with a complex set of regulations. This can be a challenge for small businesses, as they may not have the resources to comply with all of the regulations.

**Lack of skilled labor:** India has a large population, but there is a shortage of skilled labor. This can make it difficult for small businesses to find the workers they need to grow their businesses.

Despite these challenges, the future of small businesses in India is bright. The Indian government is committed to supporting small businesses, and there are a number of private sector organizations that are also providing support. As a result, small businesses will continue to play an important role in the Indian economy.

Here are some of the things that small businesses can do to prepare for the future:

**Focus on their niche:** Small businesses can often compete with larger businesses by focusing on a specific niche market. This can help them to differentiate themselves from their competitors and attract a loyal customer base.

**Use technology:** Technology can help small businesses to improve their efficiency, reach new markets, and compete with larger businesses.

**Build relationships:** Small businesses can build relationships with suppliers, customers, and other stakeholders to gain support and resources. This can help them to overcome challenges and grow their businesses.

**Stay up-to-date:** The business environment is constantly changing. Small businesses need to stay up-to-date on the latest trends and developments in order to be successful.

By taking these steps, small businesses can prepare for the future and continue to play a vital role in the Indian economy.

## 8. CONCLUSION

In conclusion, small businesses play an important role in the Indian economy. They are responsible for generating a significant amount of economic activity and providing employment to millions of people. Small businesses are also a source of innovation and creativity in the Indian economy.

The future of small businesses in India is bright. The Indian economy is expected to continue to grow, which will create new opportunities for small businesses. Additionally, the government is committed to supporting small businesses, which will make it easier for them to succeed.

However, small businesses will also face some challenges in the future. These challenges include competition from large businesses and the need to comply with new regulations.

Overall, the future of small businesses in India is positive. Small businesses will continue to play an important role in the Indian economy, helping to create jobs, boost economic growth, and reduce poverty.

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