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MSME market presence and competitiveness in a global economy

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ABSTRACT

This study explores the challenges faced by Micro, Small, and Medium Enterprises (MSMEs) in India, with a specific focus on export-related issues, including quality standards, document acquisition, and compliance with foreign regulations. Using a sample of 163 MSME service providers from 2019 to 2023, data were collected through structured questionnaires and analysed using ANOVA to assess the significant differences in challenges faced by micro, small, and medium enterprises. The findings reveal that medium-sized enterprises face the highest percentage of difficulties related to document compliance and quality standards, while micro and small enterprises encounter distinct challenges in immigration documentation and export readiness. The study underscores the importance of targeted government support and policy interventions to address these challenges and enhance the export capabilities of MSMEs. Limitations of the study include a narrow geographic focus and reliance on quantitative data, which may not fully capture the complexity of export challenges. Future research should expand the scope to other regions and integrate qualitative methods to provide a more comprehensive analysis. This research contributes to the literature by highlighting the export-related barriers in the MSME sector and offering insights for policymakers to improve their international competitiveness.

IMPACT STATEMENT

The research paper "MSME Market Presence and Competitiveness in a Global Economy" examines the crucial role of Micro, Small, and Medium Enterprises (MSMEs) in India's economic landscape, with a focus on their contribution to Gross Value Added (GVA) and export performance. The study analyzes the changing trends in the MSME sector's GVA share and export market presence from 2019 to 2023, highlighting the sector's challenges and opportunities. A significant finding is the decline in the export share of MSME-related products, which underscores the impact of export-related challenges, such as the lack of awareness about product quality requirements in foreign markets. This research emphasizes the need for enhanced support and targeted interventions to address the issues facing MSMEs, particularly in export activities. By fostering better awareness, creating a supportive policy framework, and providing specialized assistance, the paper suggests that India's MSME sector can significantly improve its global market competitiveness. The findings contribute to a deeper understanding of how MSMEs can be empowered to drive sustainable economic growth, strengthen market presence, and enhance India's position in the global economy.

Abbreviation: MSME: Micro, Small, Medium enterprise

1. Overview

1.1. Conceptual framework and present scenario of MSME in India

Small and medium-sized enterprises (MSMEs) are crucial for economies, mainly in emerging nations. They account for almost 50% of jobs and 90% of enterprises globally, with formal SMEs accounting for

up to 40% of GDP in emerging economies (Committee, 2022). However, access to supporting remains a major barrier to MSMEs' expansion. The International Finance Corporation estimates that the unmet funding needs of 65 million firms, or 40% of formal MSMEs in developing nations, amount to $5.2 trillion annually, equivalent to 1.4 times the current global MSME lending level. The financial gap varies greatly between regions, with Latin America and the Caribbean, the Middle East, and North Africa having the greatest percentages (SS Report.Indd 2, n.d.). The World Bank observed that Malawi's law on secured transactions involving moveable assets was outdated and fragmented across various legislations. These laws were inconsistent, as they were based on property type, borrower type, and transaction type rather than modern legal criteria. Each piece of legislation had its own priority rules and policy considerations, leading to contradictions and inconsistencies. Additionally, Malawi had several registries for recording rights to moveable assets, which operated under outdated IT systems or were paper-based, complicating information retrieval for creditors. The lack of communication between these registries further hindered reliable searches, making it difficult for creditors to use movable assets as collateral (Pendame & Akotey, 2023). The lack of access to advancements in science and technology has left MSMEs with outdated and limited facilities and infrastructure. This situation hampers production efficiency, requiring excessive time and effort, and ultimately impeding business progress. Additionally, inadequate guidance and support from relevant agencies, such as industry and MSME services, mean that MSMEs do not receive optimal assistance. Despite some MSME products reaching markets beyond Java, including Aceh, Riau, Makassar, and even Malaysia, there are significant opportunities for these enterprises to create more jobs and establish beneficial networks with other MSMEs (Hariyono & Narsa, 2024). The BSE SME (Small and Medium Enterprises) platform is projected to see over 60 SMEs entering the market in the fiscal year 2021–2022, aiming to raise equity funds to meet their business needs. In 2020, 16 SMEs utilized the initial public offering route, collectively raising Rs. 100 crore (US$ 13.74 million). In June 2021, the Bombay Stock Exchange partnered with the Electronics and Computer Software Export Promotion Council to raise awareness among small businesses and start-ups about the benefits of listing. MSMEs are being encouraged to market their products on e-commerce platforms, particularly the Government e-Marketplace, which is managed by the government and serves as a procurement source for Ministries and Public Sector Undertakings. A joint report by UGRO Capital and Dun & Bradstreet projects that MSMEs will benefit from the expected 7% growth in Financial Year 2023–2024, anticipating increased capital expenditure and hiring. According to data from the Ministry of Micro, Small & Medium Enterprises, as of March 2024, the number of MSMEs registered on the Udyam portal, including the Udyam Assist Platform, has reached 4,00,42,875. Among these, 3,93,18,355 are micro-enterprises, representing approximately 97.7% of the total. Small enterprises account for 6,08,935 (about 1.5%), while medium-sized enterprises total 55,488 (roughly 0.8%). As of March 2024, the Government e-Marketplace (GeM) portal processed 5.8 million orders worth Rs. 3,87,006 crore (US$ 46.67 billion) with 148,245 primary buyers and 215,743 secondary buyers. By November 2022, the GeM portal had served 12.28 million orders valued at Rs. 3,34,933 crore (US$ 40.97 billion) from 5.44 million registered sellers and service providers for 62,247 buyer organizations. As of 14 December 2023, Maharashtra led in Udyam registrations with 37.12 lakh units, followed by Tamil Nadu (21.74 lakh), Uttar Pradesh (20.28 lakh), Gujarat (15.53 lakh), and Rajasthan (15.57 lakh). The number of MSMEs in India is expected to grow from the current 6.3 crore, with only 2.5 crore having accessed formal credit, to approximately 7.5 crore in the coming years, with a projected compound annual growth rate (CAGR) of 2.5%. Jammu and Kashmir has been a leader in employment generation under the Prime Minister's Employment Generation Programme (PMEGP), with 44,542 projects supported between 2021–2022 and 2023–2024. These projects received a margin money subsidy of Rs. 921.38 crore (US$ 110 million), creating an estimated 3,56,336 jobs, accounting for 18% of the national employment generated under the scheme during this period. In Financial Year 2022–2023, the Ministry of MSME spent Rs. 23,583.90 crore (US$ 2.84 billion), representing an over 260% increase from the Rs. 6513.13 crore (US$ 786.75 million) spent in Financial Year 2018–2019. The gross bank credit deployed to MSMEs under priority sector lending in October 2023 amounted to US$ 279.18 billion, marking a 22.8% increase from the previous year and an 11.8% rise from September 2023, according to the latest RBI data on sectoral deployment. To sustain domestic business operations, a strong financial stimulus with concessional working capital loans is essential, ensuring that adequate liquidity is maintained by the government and financial institutions. Indian MSMEs are

increasingly adopting digital payments over cash, with 72% of transactions now conducted digitally, compared to 28% in cash. This rise in digital adoption offers significant growth opportunities for the sector. In Financial Year 2022–2023, up to 31 December 2022, the number of digital transactions reached 9,192 crore, valued at Rs. 2050 trillion (US$ 24.73 trillion) (https://www.ibef.org/industry/msme, 2024).

As of 5 February 2024, women-owned MSMEs represent 20.5% of Udyam Portal registrations, contributing 18.73% to employment and 10.22% to turnover. Various initiatives support their growth and empowerment in the sector. For instance, on 18 January 2024, Financial Aggregation for Python (FinAGG) Technologies, specializing in MSME financing, secured US$ 11 million in funding, co-led by Blue Orchard and Tata Capital Ltd., with participation from SIDBI and Prime Venture Partners (Ajit, 2021). This Series a round aims to expand FinAGG's presence, drive innovation, and empower women entrepreneurs. Additionally, collaborations such as the Memorandum of Understanding (MoU) signed on 27 February 2023, between the National Small Industries Corporation Ltd. (NSIC) and the Korea SMEs and Start-ups Agency (KOSME) underscore ongoing efforts to bolster the MSME sector. Other significant developments include DCM Shriram Ltd.'s entry into the "Advanced Materials" sector in December 2023 and the government's Self-Reliant India (SRI) Fund, which has invested Rs. 6448 crore (US$ 777.62 million) in MSMEs as of November 2023. Furthermore, initiatives like Deal Share's Rs. 1000 crore (US$ 120 million) investment plan, Google's calculated investment in digital payments, and the Technology Development Board (TDB) and SIDBI's MoU to facilitate easier access to credit for MSMEs demonstrate a robust commitment to fostering growth and innovation in the sector (https://www.ibef.org/industry/msme, 2024). The share of MSME-related products in all India exports reached 45.56% as of September 2023 (FY24), while the Reserve Bank of India's Public Tech Platform for Frictionless Credit (PTPFC) pilot project, launched in August 2023, aims to improve credit accessibility for MSMEs. Various partnerships, like those between Flipkart and the Government of Gujarat, and DBS Bank with Infor Nexus, further illustrate the dynamic support ecosystem being built for MSMEs in India. These efforts, combined with the introduction of portals like Aditya Birla Capital's Udyog Plus, and strategic tie-ups such as Max Life's partnership with the Indian Industries Association (IIA), underscore a comprehensive approach to empowering MSMEs, particularly women entrepreneurs, through access to finance, technology, and market opportunities (Ajit, 2021).

1.2. Problem of the study

The MSME sector in India faces several significant challenges, including limited access to finance, with only 16% of SMEs receiving timely support, forcing reliance on personal resources (Andiga et al., 2023). Regulatory hurdles such as complex tax compliance and labour laws, along with poor infrastructure, further impede their growth. Low productivity, outdated technologies, and a lack of innovation put MSMEs at a disadvantage compared to larger firms, while competition from bigger players and the rise of e-commerce intensify pressures (Pema, 2013). Additionally, dependence on low-skilled workers, lack of professionalism, and inconsistent policies across regions further hinder the sector's development and competitiveness (Andiga et al., 2023).

1.3. Significance of the study

The significance of this study lies in its potential to provide valuable insights into the challenges and opportunities faced by the MSME sector, which is a crucial contributor to economic growth, employment, and innovation. By identifying key issues such as financial constraints, regulatory barriers, and productivity gaps, the study aims to offer solutions that can enhance the efficiency and competitiveness of MSMEs (Prerna et al., 2024). Additionally, the research could inform policymakers and stakeholders about necessary reforms to improve access to finance, foster innovation, and create a more conducive business environment, ultimately supporting sustainable growth in the sector (Andiga et al., 2023).

1.4. Research aims

The aim of this study is to analyse the impact of Micro, Small, and Medium Enterprises (MSMEs) on India's economy, with a particular focus on their contribution to the nation's Gross Value Added (GVA), export performance, and challenges faced in the international market. The study seeks to identify key issues such as the lack of awareness about foreign market standards, infrastructure gaps, and organizational hurdles that hinder MSMEs' growth and export potential. Ultimately, the study aims to provide insights that can inform policy interventions and support measures to improve the operational environment and competitiveness of MSMEs in India (Prerna et al., 2024).

2. Literature reviews

This research aims to enhance community empowerment through the MSME sector. Utilizing a qualitative case study approach, the study focused on Bali Province and selected informants purposefully. Findings indicated that MSMEs became pivotal for economic stability during the pandemic, facilitating economic growth and a shift from tourism to MSME activities. The sector embraced digital economy practices and developed a sharing economy model. Key findings include a societal shift from a worker mentality to an entrepreneurial spirit and the adoption of value exchange in the MSME sector. A limitation is the focus on a single region, but the study highlights MSMEs as crucial for mitigating social vulnerability (Subawa et al., 2022). A consistent rise in per capita income does not inevitably equate to a continuous rise in the standard of living in a developing country like India, where wealth and income inequality are quite high (Committee, 2022). Using published statistics and primary data, this study aims to identify Financial Year various problems with SME supporting from banks, examine the causes of banks' reluctance to lend to the industry, and identify Financial Year potential solutions to improve SMEs' access to bank supporting (Bhavan, n.d.). The COVID-19 pandemic has significantly impacted on MSMEs, with a high positive correlation among variables. The government should begin an ongoing nursing system, declare relief steps, promote e-market linkage, and increase fiscal stimulus to improve MSMEs and achieve self-reliance (Sudharani, 2021). The Indian economy is supported by the MSME sector, which plays a major role in its expansion. It has become a crucial tool for achieving inclusive growth for the nation. This essay aims to highlight the role that micro, small, and medium enterprises (MSME) have played in the development of the Indian economy as well as its current state. This paper systematically reviews the relationship between FinTech and SME supporting from 2008 to 2022. It addresses the challenges SMEs face in accessing capital and financial services, such as information asymmetry and high transaction costs. FinTech innovations have streamlined information sharing, altered fund mobilization methods, and boosted capital-raising activities. However, existing literature on this topic is fragmented, necessitating a consolidation of empirical research on FinTech's effectiveness in meeting SMEs' supporting needs. The review reveals a surge in empirical studies a decade after the advent of FinTech 3.0, predominantly employing measureable methods based on surveys and FinTech platforms. Notably, there's more focus on alternative digital supporting for SMEs than outdated bank lending. China leads in publications on this subject, followed by the United States (US). Content analysis highlights FinTech's role in enhancing information processing, reducing asymmetry, and speeding up the lending cycle. The paper concludes by identify Financial Yearning research gaps, proposing future study areas, addressing challenges, and offering policy recommendations in this domain (Sanga & Aziakpono, 2023). The study reviews the economic involvement of the MSMEs sector post-the 1991 economic reforms, examining their performance using data from various reports and publications and highlighting the significant contribution of the sector to Indian economic growth (Cunningham et al., 2023). This article analyses the description of MSMEs, the role and performance of MSMEs in the Indian economy, government policies regarding MSMEs, as well as the various challenges and opportunities associated with MSMEs in India (Singh, 2021). The paragraph highlights the significance of MSMEs in India, highlighting their significant role in the economy. However, the collapse of the MSME sector threatens the livelihoods of workers and small business owners, mainly in Tamil Nadu, due to the COVID-19 pandemic (Tambunan, 2019). MSMEs globally contribute to economic expansion and fair development, but the COVID-19 pandemic has posed significant challenges. To remain competitive, they must constantly innovate and adapt to technological

changes, demand shifts, and new markets (Buteau, 2021). The essay explores the influence of the global pandemic on MSMEs, their role in the economy, and the challenges they face in India, emphasising the need for government intervention to mitigate its effects (Aminullah et al., 2024). The research note reveals that MSMEs participate less in international trade compared to huge firms, but their share of trade value has increased. MSMEs' share in imports is higher than in exports (Singh, 2021). The percentage of industrial MSMEs shipping and importing increased for all firms, except for micro firms. MSMEs are more likely to trade in less capital-intensive sectors, and their share of real estate service exports and imports has increased (Kanimozhi, 2023). The Reserve Bank of India is forming an Expert Committee to identify Financial Year causes and intend long-term solutions for the economic and financial sustainability of MSMEs, which contribute significantly to service, entrepreneurship, and economic growth. The committee's composition and terms of reference will be finalized by December 2018 (Dambiski Gomes de Carvalho et al., 2021). The review classifies MSMEs across regions and identifies variables utilized in the highly cited papers, which align with excellence/quality management elements and outdated invention types. The study reveals strong theoretical relationships among variables, mainly highlighting connections between networks-open invention, information-knowledge, and product and process inventions. It underscores the significance of sustainability, information-knowledge, and networks-open invention in enhancing MSMEs' competitiveness, urging bosses/owners to prioritize these determinants. Additionally, the paper discusses future research guidelines in this domain, providing insights for further exploration and development in understanding MSMEs' competitiveness (Dambiski Gomes de Carvalho et al., 2021). Despite the growing significance of SMEs and the increasing body of research in data analytics, there is a lack of a cohesive and integrated understanding of the field. To address this gap, a systematic literature review was conducted, analysing 42 peer-reviewed research studies published between 2010 and 2021. This review classified, categorized, and synthesized the findings into four main themes: enabling determinants, restraining determinants, investing SMEs, and performance indicators. Additionally, the review identified research gaps in key areas and provided insights for future research guidelines (Bhardwaj, 2022). GST has significantly influenced the economic development of MSME, but many struggle to implement it. The tax system has unified the market and simplified operations, leading to increased liability for tax payments. This report examines the challenges faced by 158 MSME entrepreneurs in Bangalore's Peenya Industrial Area, using Cluster Random Sampling Technique and One-way ANOVA analysis. The findings suggest both positive and negative effects on India's MSME sector (Kanimozhi, 2023). The study focuses on accelerating digitalization of MSMEs in Indonesia. It identifies three main constraints: human capital in digital talent, socio-technical adaptation, and government support. To work effectively, three resolutions are needed: building digital talent, accelerating socio-technical adaptation, and ensuring the sustainability of existing government support for digitalization (Aminullah et al., 2024). This review investigates the contribution of MSMEs to Ethiopia's sustainable development goals. It found that MSMEs significantly contribute to Ethiopia's sustainable development by creating service, alleviating poverty, and cultivating living standards. However, access to finance, electricity, and trade regulation are major constraints. The review suggests policy implications for addressing these challenges and calls for further MSMEs influence evaluation research (Endris & Kassegn, 2022). Digital technology can significantly benefit India's MSME sector, provided it has government, solution providers, and users' support. The digital landscape has evolved, but challenges remain in addressing the diverse MSME segment. Encouraging businesses to embrace digital technology involves providing end-to-end solutions (Buteau, 2021). The paper explores the role of MSMEs in Indonesia, concentrating on their importance, constraints, and role in creating business opportunities for women. The study found that MSMEs dominate Indonesia, accounting for almost 100% of firms but only contributing 58–61% of GDP. Poverty is the main driving force behind MSE growth. The study recommends government training on online marketing, alternative funding, and assistance for new entrepreneurs. However, it has limitations, as secondary data lacks information on motivation and socio-economic profiles of MSMEs owners (Tambunan, 2019). This article examines the role and performance of MSME in India, highlighting their significant contribution to industrial production, exports, service, and entrepreneurial base. It concludes that the pandemic has adversely influenced MSMEs, urging the government to implement appropriate measures to overcome its effect.(Singh, 2021). The paper examines the determinants determining technology adoption among MSMEs in the Danube region of Europe. It focuses on the automotive,

electronics, and IT sectors, which are typically characterized by rapid uptake of high-performance calculating (HPC). The study finds that opportunity recognition is a more important factor than cognition for technology adoption, and that combining these determinants can enable MSMEs to accept new technologies for value creation (Cunningham et al., 2023).

2.1. Research gap

The research on MSMEs highlights several gaps, digitalization and FinTech are recognized as key enablers for MSME growth, and there is a lack of research on practical challenges faced by MSMEs in adopting these technologies, particularly in underserved regions. Studies on the pandemic's impact focus on short-term effects, leaving a gap in long-term recovery strategies and resilience-building. Access to finance remains a critical issue, with limited exploration of alternative financing mechanisms like crowdfunding and peer-to-peer lending (Andiga et al., 2023) Additionally, the socio-economic inclusivity of MSMEs, particularly for marginalized groups, and their contribution to sustainability and environmental goals are under-researched areas that need further exploration. These gaps highlight the need for a broader, more integrated approach to understanding MSMEs' potential in driving community empowerment and equitable economic development (Prerna et al., 2024).

2.2. Objectives

The objectives of this research are to examine how MSMEs promote community empowerment by shifting individuals from a worker mentality to an entrepreneurial mind-set and to assess the impact of digital economy practices on economic stability, especially in regions where tourism has dominated (Subawa et al., 2022). The study evaluates the effectiveness of the sharing economy model in fostering social stability during crises like COVID-19 and identifies the limitations of a regional focus in MSME-driven empowerment, exploring its impact on different communities. Finally, the research aims to analyse the financial and technological challenges faced by MSMEs and propose solutions to enhance their role in promoting inclusive economic growth and community empowerment (Andiga et al., 2023).

2.3. Development of hypotheses

Based on the study's objective to enhance community empowerment through the MSME sector, the following hypotheses can be developed:

H_1: MSMEs play a significant role in enhancing community empowerment by facilitating a shift from a worker mentality to an entrepreneurial spirit.

H_2: The adoption of digital economy practices by MSMEs positively impacts community economic resilience and growth, especially in regions dependent on tourism.

H_3: There is a significant difference in the types of export-related problems faced by Micro, Small, and Medium-sized Enterprises (MSMEs).

3. Methodology

3.1. Statistical tools used for research

The research methodology for this study involved the analysis of selected MSME Service Providers in India over a period of four years, from 2019–2020 to 2022–2023 (Bhardwaj, 2022). A total of 163 MSME Service Providers were chosen using simple random sampling, and data collection was conducted through structured questionnaires, focusing on a selected region in India. Both primary and secondary data were gathered (Dambiski Gomes de Carvalho et al., 2021). Various tests and tools were utilized, including pilot surveys, reliability tests, and analysis techniques tailored to the study's objectives. One-Way Analysis of Variance (ANOVA) was employed to examine the differences in problems faced by

MSMEs, alongside percentage analysis and Weighted Average Mean (WAM) for additional insights (Cunningham et al., 2023). Prior to data collection, verbal consent was obtained from participants, ensuring their awareness of the study's confidentiality and research purposes. The study adhered to ethical principles in line with the Declaration of Helsinki and its amendments. The research protocol received approval from the Departmental Research Committee at Atmiya University (Approval Number: AUFBC/240311-1), dated 16/03/2024 at 11:30 AM. Informed consent was secured from all participants, and the data supporting the findings are available from the corresponding author upon reasonable request.

3.2. Sample selection

The sample selection process for the study focused on analyzing export-related problems faced by Micro, Small, and Medium Enterprises (MSMEs) in India. A total of 163 MSME service providers were selected through a simple random sampling method to ensure fair representation across the three enterprise categories. The sample comprised 89 micro enterprises, 48 small enterprises, and 26 medium enterprises. Data collection was conducted using structured questionnaires, focusing on key export-related issues such as awareness of quality standards in foreign markets, difficulties in obtaining immigration documents, compliance with legal quality standards, and document-related problems. The stratified sample approach enabled the researchers to assess the differences in challenges faced by enterprises of varying sizes, providing a broad view of the export-related constraints in the MSME sector (Bhardwaj, 2022; Dambiski Gomes de Carvalho et al., 2021).

4. Result and discussion

Table 1 given the overview of the gender distribution and educational attainment within your sample population. Is there anything specific you'd like to analyse or discuss based on this data? Which was collected based on primary work. The total number of individuals in the study is 80.2% male, 19.8% female, 4.3% primary, 16.4% secondary, 19.8% higher secondary, 42 undergraduates, and 23.3% postgraduates, with a total of 93 individuals (Bhavan, n.d.; Recent Evolution, n.d.) The dataset comprises three main types of entities based on sector classification: micro, small, and medium. Medium-sized entities represent the enormous proportion of the dataset, followed by micro and small entities. This breakdown provides insights into the delivery of entity types within the analyzed sector (Bhavan, n.d.).

The "MICRO" category comprises 30 entities, accounting for 25.9% of the total, followed by "SMALL" with 30 entities and "MEDIUM" with 56 entities, accounting for 48.3% (Behera et al., 2020) (Table 2). Based on this data, it seems that while export promotion policy and organizational structure are rated relatively lower compared to infrastructure and transport connection, all determinants have generally

Table 1. Demographic information about owners of MSME.

Demographic factors		Frequency	%
Gender	Male	93	80.2
	Female	23	19.8
	Total	116	100.0
Education	Primary	5	4.3
	Secondary	19	16.4
	Higher secondary	23	19.8
	About UG	42	36.2
	Above PG	27	23.3
	Total	116	100.0

Sources: Primary Data collected through questionnaire.

Table 2. Number of MSME.

Types of entity		Frequency	%
Sector type	Micro	30	25.9
	Small	30	25.9
	Medium	56	48.3
	Total	116	100.0

Sources: Primary Data collected through questionnaire.

Table 3. Problems face by MSME.

Sr.N	Determinants	Good	Excellent	Normal	Poor	WAM
1	How is the export promotion policy?	66	43	5	2	1.51
2	How is the infrastructure? (Facilities like container depot)	51	49	4	12	1.80
3	How is the transport connection?	52	51	9	4	1.70
4	How is the organizational structure?	52	53	7	4	1.68

Sources: Primary Data collected through questionnaire.

Table 4. Results of Anova Single Factor.

Groups		Count	Sum	Average	Variance
How is the export promotion policy?		4	116	29	957
How is the infrastructure? (Facilities like container depot)		4	116	29	599
How is the transport connection?		4	116	29	679
How is the organizational structure?		4	116	29	738
ANOVA					

Source of Variation	SS	df	MS	F	p-value	F crit
Between Groups	0	3	0	0	1	3.490294819
Within Groups	8920	12	743.333			
Total	8920	15				

Sources: Primary Data collected through questionnaire.

positive ratings. However, there is room for improvement, especially in areas where "Poor" ratings are present, such as infrastructure and organizational structure. These insights can guide efforts to address the challenges which are faced by MSMEs and improve their overall operational environment (SS Report.Indd 2, n.d.).

Evaluates determinants using weighted average mean (WAM), indicating the overall assessment of each factor (Table 3). A high WAM indicates a problem, while a lower WAM indicates a lower issue (Endris & Kassegn, 2022). These WAM values help decision-makers focus on areas needing improvement or strong performance. The analysis highlights the lack of information on infrastructure and transport connections (Khatri, 2019).

In 2023, the world faces new challenges due to war, high energy costs, and new Covid-19 variants. (Lama, n.d.) Governments and the private sector are working together to find solutions. Resilience and frugality are popular themes, with MSMEs and Humanitarian Entrepreneurship providing the best framework for recovery. Despite the pandemic and wars, there are positives and opportunities for businesses, with ICSB's top trends for 2023 offering glimpses of solutions (Singh, 2021).

5. Discussion based on ANOVA

In the given case, ANOVA is used to determine whether there are significant differences between the means of four factors: export promotion policy, infrastructure, transport connection, and organizational structure. Since we have multiple groups (four in this case) with similar counts and averages, ANOVA helps us test whether any of these factors contribute differently to the observed outcomes. Instead of conducting separate t-tests for each factor, which would increase the likelihood of errors, ANOVA allows us to evaluate all factors together in one analysis, ensuring a more reliable and efficient comparison of variances between these groups.

H$_3$: There is no significant difference in problems face by MSME sector in India.

Based on the ANOVA table provided, the null hypothesis (H6) states that there is no significant difference in the problems faced by the MSME sector in India across different factors (export promotion policy, infrastructure, transport connection, and organizational structure) (Table 4). The calculated F-value is 0, and the corresponding P-value is 1, which is much greater than the critical F-value (3.49). This indicates that the differences in the means of the four groups are not statistically significant. As a result, we fail to reject the null hypothesis, concluding that there is no significant difference in the problems faced by the MSME sector across these factors. All groups experience similar challenges in the areas being assessed.
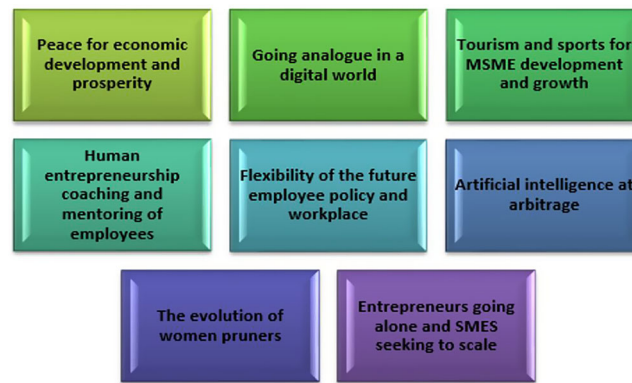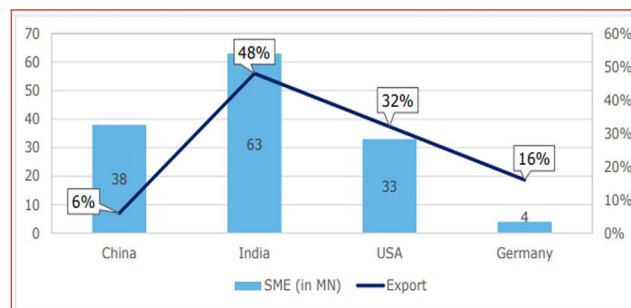
Figure 1. Global must prioritise MSME.

Figure 2. Global scenario of Export activity of MSME.

H₁: MSMEs play a significant role in enhancing community empowerment by facilitating a shift from a worker mentality to an entrepreneurial spirit.

H₂: The adoption of digital economy practices by MSMEs positively impacts community economic resilience and growth, especially in regions dependent on tourism.

Figure 1 highlighted in the figure cover a range of themes crucial for contemporary economic and entrepreneurial discourse. "Peace for economic development and prosperity" underscores the fundamental role of peace in fostering economic growth and stability. "Going analogue in a digital world" addresses the enduring relevance of analog methods in a predominantly digital landscape. "Tourism and sports for MSME development and growth" explores how these sectors can drive the development of Micro, Small, and Medium Enterprises (MSMEs). The importance of "Human entrepreneurship coaching and mentoring of employees" is emphasized, highlighting the need for guidance and support in nurturing entrepreneurial talent. "Flexibility of the future employee policy and workplace" delves into the necessity of adaptable policies and environments to meet the evolving demands of the workforce. "Artificial intelligence at arbitrage" examines the use of AI in optimizing financial strategies through simultaneous buying and selling in different markets. "The evolution of women pruners" focuses on the advancement of women in the pruning industry, symbolizing broader strides in various sectors. Finally, "Entrepreneurs going alone and SMEs seeking to scale" discusses the unique challenges and growth trajectories of solo entrepreneurs and small enterprises aiming to expand. Together, these topics provide a comprehensive overview of key determinants influencing economic and entrepreneurial success (Pema, 2013).

H₁: MSMEs play a significant role in enhancing community empowerment by facilitating a shift from a worker mentality to an entrepreneurial spirit is accepted, as the themes highlighted in Figure 1, such as "Human entrepreneurship coaching and mentoring of employees" and "Entrepreneurs going alone and SMEs seeking to scale," demonstrate that MSMEs significantly contribute to fostering an entrepreneurial mindset and empowering individuals. Conversely, **H₂**: The adoption of digital economy practices by MSMEs positively impacts community economic resilience and growth, especially in regions
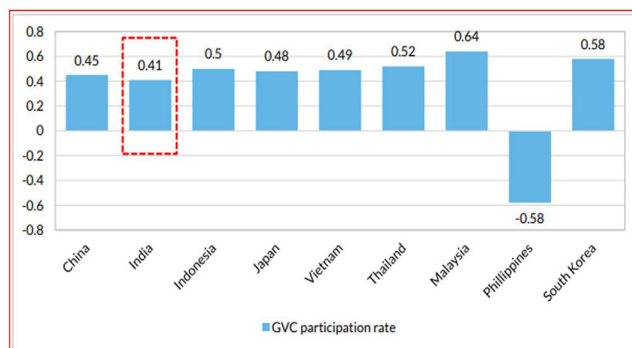
Figure 3. India's participation in GVC.

Table 5. Share of MSME GVA in All India GDP (%).

Year	2018–2019	2019–2020	2020–2021
Share of MSME GVA in All India GDP (%)	30.50	30.50	26.83

Sources: Primary Data collected through questionnaire.

Table 6. Share of export of MSME.

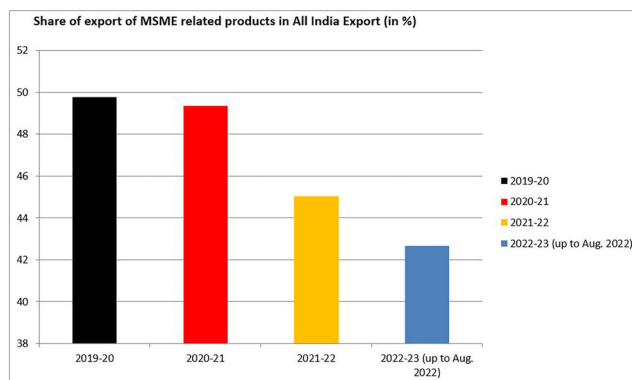| Description	2019–2020	2020–2021	2021–2022	2022–2023 (up to Aug. 2022)
Share of export of MSME related products in All India Export (in %)	49.77	49.35	45.03	42.67

Sources: Primary Data collected through questionnaire.

Figure 4. Share of export of MSME related products in All India Export (in %).

dependent on tourism is rejected. The theme "Going analogue in a digital world" indicates that despite the importance of digital practices, analog methods still hold relevance, suggesting that the shift to digital economy practices may not universally enhance economic resilience or growth in tourism-dependent areas. Additionally, the ANOVA results, which revealed no significant differences in the problems faced by MSMEs, further undermine the hypothesis that digital practices have a substantial and consistent impact on economic growth in these regions (Hariyono & Narsa, 2024).

Figure 2 although clusters and corridors, supporting, and infrastructure have received a lot of attention thus far, MSMEs still face obstacles when trying to diversiFinancial Year into new domestic and international markets or increase their market share (Jyoti Sharma, 2016). The vast and well-divided domestic market in India presents prospects for MSMEs operating within the state. Additionally, MSMEs in India account for 48%75 of the country's total exports. This suggests that businesses must find strategies to get through obstacles related to size and scale if they want to stay competitive.

Tamil Nadu's Global Value Chain participation rate is 41% which lower than other Asian economies, with some locations failing to integrate due to lack of infrastructure and processes (Figure 3). With over

Table 7. Share of manufacturing MSME GVA in All India Mfg (%).

Year	2018–2019	2019–2020	2020–2021
Share of manufacturing MSME GVA in All India manufacturing GVA (%)	40.60	40.67	38.47

Sources: Primary Data collected through questionnaire.
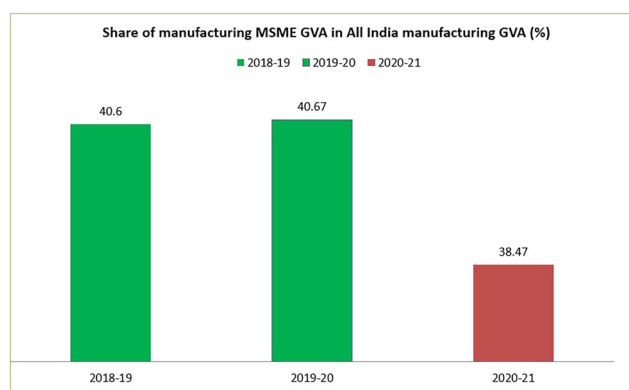
Figure 5. Share of manufacturing MSME GVA in All India manufacturing GVA (%).
Sources: Primary Data collected through questionnaire.

Table 8. Export related Problems.

			Export related problems			
		Total	The lack of awareness about the quality of goods in foreign countries	Poses a problem for obtaining the necessary documents for immigration	This issue manifests as a difficulty in complying with the quality standards required by the law	Document related problems
Micro	No.	89	39	43	36	42
	%	100	43.82%	48.31%	40.45%	47.19%
Small	No.	48	39	17	32	25
	%	100	81.2 %	35.42%	66.67%	52.08%
Medium	No.	26	23	14	8	14
	%	100	88.4 %	53.85%	30.77%	53.85%
Total	No.	163	101	74	76	81
	%	100	61.96%	45.39%	46.62%	49.63%

Sources: Primary Data collected through questionnaire.

6.3 crore MSMEs in India, they contribute 45% to business output, 40% of exports, 28% of GDP, and provide service to 11.1 crore people (14).

Based on the most recent data from the Ministry of Statistics & Programme Implementation, the MSME's Gross Value Added (GVA) as a percentage of the GDP of all of India for the fiscal years 2019–2020, 2020–2021, and 2021–2022 was 30.5, 27.2, and 29.2%, respectively. In 2019–2020, 2020–2021, and 2021–2022, the MSME manufacturing output share of all India manufacturing output was 36.6, 36.9, and 36.2%, respectively. According to data obtained from the Directorate General of Commercial Intelligence and Statistics (DGCIS), 49.4, 45.0, and 43.6% of total India exports in the years 2020–2021, 2021–2022, and 2022–2023 was of MSME-specified products (https://www.ibef.org/industry/ msme, 2024).

Table 5 shows the share of Micro, Small, and Medium Enterprises (MSME) in the All-India Gross Domestic Product (GDP) over three years (2018–2019, 2019–2020, and 2020–2021). In 2018–2019, MSMEs contributed 30.50% of the total GVA in India's GDP. In 2019–2020, their contribution remained at 30.50%. However, in 2020–2021, they contributed 26.83%, a significant decrease from the previous years. This information is crucial for assessing the MSME sector's significance in the Nation's economy (Manikandan, n.d.).

Share of export of MSME related products in All India Export (in %) the Executive General of Commercial Intelligence & Statistics reports that MSME's products account for a significant portion of India's exports (Table 6 and Figure 4).
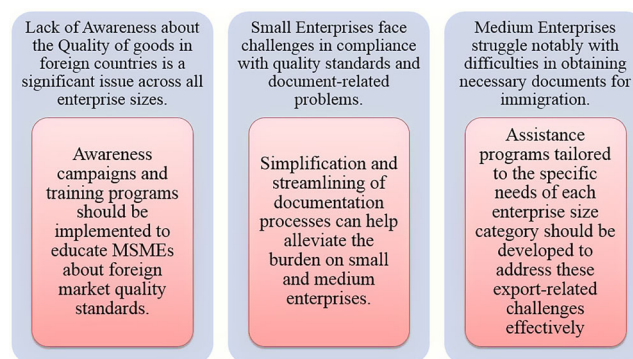
Figure 6. Problem based recommendation.

The share of MSME-related products in India's export market has decreased from 49.77% in 2019–2020 to 42.67% in 2022–2023. This decline is crucial for understanding MSMEs' export performance and their role in the overall export sector. The data is essential for understanding the effect of MSMEs on India's export market (Behera et al., 2020).

The Udyam Registration portal shows the total number of individuals employed in MSMEs that were incorporated in the last three years and the current year.

Table 7 and Figure 5 shows that Micro, Small, and Medium Enterprises (MSMEs) in the manufacturing sector contributed 40.60% of the total Gross Value Added (GVA) in 2018–2019, slightly increased to 40.67% in 2019–2020, and decreased to 38.47% in 2020–2021. This indicates a decrease in their relative contribution to the manufacturing sector of All India compared to previous years (https://www.ibef.org/industry/msme, 2024).

Table 8 provided appears to be related to export-related problems, specifically in the context of difficulties encountered due to a lack of awareness about the quality of goods in foreign countries and issues related to obtaining the necessary documents for immigration. The table is divided into several categories (Ajit, 2021).

1. Micro Problems:
    *   The lack of awareness about the quality of goods in foreign countries leads to 89 cases, which is 100% of the "Micro" category. The percentages following this represent the proportion of these cases relative to the total in the "Micro" category.
2. Small Problems:
    *   In this case, there are 48 cases, and the issues related to the lack of awareness about the quality of goods in foreign countries result in 81.25% of these cases.
3. Medium Problems:
    *   In the "Medium" category, there are 26 cases, and the lack of awareness about the quality of goods in foreign countries contributes to 88.46% of these cases.

If we consider overall condition, all the cases from the previous categories (Micro, Small, Medium), with a total of 163 cases. The percentages provided here represent the proportion of cases in each category relative to the overall total (Hariyono & Narsa, 2024).

Figure 6 shows the problems face by MSME and its Recommendation. It addresses the challenges faced by enterprises of various sizes in international markets and suggests corresponding solutions. It highlights that a "lack of awareness about the quality of goods in foreign countries is a significant issue across all enterprise sizes," affecting their competitive edge. Small enterprises mainly "face challenges in compliance with quality standards and document-related problems," while medium enterprises "struggle notably with difficulties in obtaining necessary documents for immigration." To address these issues, it intends that "awareness campaigns and training programs should be implemented to educate MSMEs about foreign market quality standards." Additionally, the "simplification and streamlining of documentation processes can help alleviate the burden on small and medium enterprises." Tailored "assistance

Table 9. ANOVA on import export problems.

ANOVA (Analysis of Variance)						
Source of Variation	SS	df	MS	F	p-value	F crit
Between Groups	1277.167	2	638.5833	13.96659	0.001741	4.256495
Within Groups	411.5	9	45.72222			

Sources: self-constructed based on data.

programs to the specific needs of each enterprise size category" are essential to effectively overcome these export-related challenges. Collectively, these insights emphasize the need for targeted interventions to support MSMEs in navigating the complexities of international trade.

5.1. Analysis of variance

ANOVA (Analysis of Variance) is used in the above context to evaluate whether there are statistically significant differences in the types of export-related problems faced by different sizes of MSMEs Micro, Small, and Medium. By comparing the means of the problems reported across these three groups, ANOVA helps to determine if variations in the issues faced are due to differences in the size of the enterprises or if they occur by random chance. This analysis is crucial for identifying specific challenges associated with each enterprise size, which can inform targeted support and policy interventions. Using ANOVA allows for a comprehensive assessment of whether the observed differences in problem types are significant, thereby guiding effective resource allocation and strategic planning for addressing export-related issues within the MSME sector (Subawa et al., 2022).

H$_3$: There is a significant difference in the types of export-related problems faced by Micro, Small, and Medium-sized Enterprises (MSMEs).

Based on the provided results, the differences between group means are statistically significant, as indicated by the low p-value (0.001741) compared to the chosen significance level (0.05) (Table 9). Therefore, there is evidence to reject the null hypothesis, suggesting that at least one group mean is different from the others. In summary, the table is used to demonstrate the effect of the lack of awareness about the quality of goods in foreign countries on export-related problems in different categories, with a focus on micro, small, and medium problems (Andiga et al., 2023). The percentages indicate the relative significance of this issue in each category. The hypothesis testing using ANOVA aims to determine if there are significant differences in the types of export-related problems faced by Micro, Small, and Medium-sized Enterprises (MSMEs). The ANOVA results will help identify whether the distribution of issues such as lack of awareness about quality, obtaining necessary documents, compliance with quality standards, and document-related problems varies significantly among these enterprise categories. If the p-value is less than 0.05, we reject the null hypothesis and conclude that there are significant differences in the problems faced by different-sized MSMEs. This finding would suggest that specific challenges are more pronounced in certain enterprise categories, highlighting the need for targeted interventions. Conversely, if the p-value is greater than 0.05, it would indicate that the export-related problems are similarly distributed across Micro, Small, and Medium-sized enterprises (Ajit, 2021).

6. Conclusion

The study focuses on the impact of Micro, Small, and Medium Enterprises (MSME) on India's economy. The learning includes 93 individuals, with a focus on micro, small, and medium enterprises. The MSME sector's Gross Value Added (GVA) in India was 30.5% in 2019–2020, 27.2% in 2020–2021, and 29.2% in 2021–2022. The share of MSME-related products in India's export market decreased from 49.77% in 2019–2020 to 42.67% in 2022–2023.

The data shows that MSMEs in the manufacturing sector contributed 40.60% of the total GVA in 2018–2019, slightly increased to 40.67% in 2019–2020, and decreased to 38.47% in 2020–2021. This decrease is crucial for understanding MSMEs' export performance and their role in the overall export sector.

Table 7 is divided into micro, small, and medium problems, with micro problems accounting for 100%, small problems for 81.25%, and medium problems for 88.46%. The lack of awareness about the quality of goods in foreign countries contributes to these issues.

In conclusion, the study highlights the importance of understanding the influence of MSMEs on India's export market and the need for better awareness and support and it is also seen that is used to demonstrate the effect of the lack of awareness about the quality of goods in foreign countries on export-related problems in different categories, with a focus on micro, small, and medium problems. The percentages indicate the relative significance of this issue in each category. The study emphasizes the critical role of MSMEs in India's export market and the broader economy. Addressing the challenges faced by MSMEs, mainly in the context of export-related activities, requires concerted efforts from policy-makers, industry stakeholders, and support organizations. By enhancing awareness, providing targeted support, and fostering an enabling environment for MSMEs, India can leverage the full potential of these enterprises to drive economic growth and competitiveness in the global market.

6. Limitations and future research directions

The study on export-related problems in the MSME sector has several limitations. Firstly, it focuses on a limited geographic region within India, which may not represent the diversity of challenges faced by MSMEs across the country. Additionally, the study only examines four key export-related issues, potentially overlooking other significant factors affecting MSME performance. The reliance on structured questionnaires may also limit the depth of insights, as qualitative aspects of the challenges might be underexplored. The sample size of 163 MSMEs, though adequate for basic analysis, may not capture the full spectrum of enterprise sizes and industries within the MSME sector.

For future research, expanding the geographic scope to include more regions in India or even cross-country comparisons would provide a more comprehensive understanding of MSME challenges. Further studies could also incorporate a mixed-methods approach, combining qualitative interviews or case studies to gain deeper insights into the complexities of export-related issues. Additionally, future research could explore the impact of government policies, digital transformation, and international trade regulations on MSME exports to provide a more holistic analysis of the sector's challenges and opportunities.

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Authors' contributions

SV.: Research Methodology, Data Collection, Data Analysis, Findings. AM.: Conceptualization, First Draft, Data Collection, Financial Aid. All the authors have read and approved the final version of the manuscript.

Disclosure statement

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Data availability statement

The data that support the findings of this study are available from the corresponding author, SV, upon reasonable request.

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