

MSME CONTRIBUTION TO GDP LAGS PRE-COVID HIGHS, SHARE IN EXPORTS LOWEST IN 5 YEARS

The share of micro, small, and medium enterprises (MSME) in India's gross domestic product (GDP) in 2021-22 was 29 per cent: lower than the sector's pre-pandemic figures. The share in the country's total output, in terms of gross value added, touched 31 per cent in 2018-19 before declining during the pandemic, according to data tabled in Parliament on Monday. (Chart 1)

About \$200 billion worth of MSME products were exported in FY23, but their share in India's overall exports declined to a five-year low of 44 per cent. MSME products made up about half of the total exports in FY20 before the pandemic. Since then,



the share has declined. India's overall exports increased by 44 per cent during the same period — from \$313 billion in FY20 to over \$450 billion in FY23.

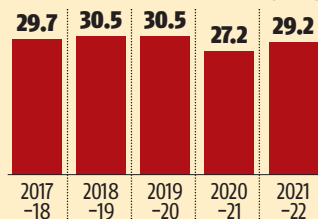
(Chart 2). Over 13,000 MSMEs shut down in FY23, the highest in the past four years. In 2020, Union Minister Nitin Gadkari said the government aims to increase the MSME contribution to the GDP from 30 per cent to 50 per cent and from 49 per cent to 60 per cent in exports in five years.

The total employment recorded in the sector (since the start of the Udyam portal) is 155 million, mostly in Tamil Nadu, Maharashtra, Uttar Pradesh, Karnataka and Telangana.

SAMREEN WANI

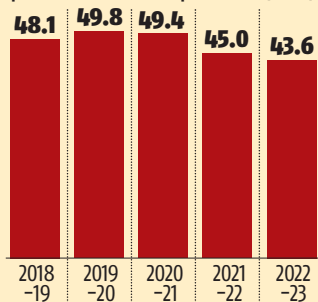
SHARE IN GDP LAGS PRE-PANDEMIC LEVELS

Share of MSME gross value added in GDP (in %)



CONTRIBUTION TO EXPORTS DECLINES

Share of export of MSME-related products in India exports (in %)



Source: Lok Sabha, Rajya Sabha