

# Evaluating the Impact of MSMEs on India's Economy : Employment, Innovation and Policy Imperatives

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**Abstract:** *This paper explores and outline the topic role of MSME in improving and boosting economy. Micro, Small, and Medium Enterprises (MSMEs) are vital engines of economic growth, innovation, and employment, particularly in developing economies. They contribute significantly to GDP, job creation, and poverty reduction while promoting regional development and equitable income distribution. Globally, MSMEs account for over 90% of businesses and 50% of employment, with their GDP contribution reaching 40-60% in emerging markets. In India, they drive 45% of industrial output and 40% of exports, underscoring their role in industrialization and export diversification. Despite their impact, Msme face challenges like limited access to finance, technological gaps, and regulatory constraints. Addressing these barriers through policy support, financial inclusion, and digital transformation can unlock their full potential. The study highlights the link between MSME growth and macroeconomic stability, emphasizing the need for targeted interventions to enhance competitiveness. By fostering a supportive ecosystem, MSMEs can accelerate inclusive and sustainable economic development*

**Keywords:** Micro, Small and Medium Enterprises, Economic Growth, Financial inclusion and Digital transformation

