

THE MSME ACT, 2006 AND RURAL DEVELOPMENT: AN ASSESSMENT OF ITS SOCIO-ECONOMIC AND LEGAL IMPACT

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The Micro, Small and Medium Enterprises Development (MSME) Act, 2006, came into existence to improve and integrate India's vastly diverse and varied micro, small and medium enterprises (MSME) policies and to create a stronger foundation for inclusive economic growth, specifically in rural India. The review paper offers an overview of how MSME policies have evolved in India and provides an assessment of the economic, legal and socio-developmental literature currently available. Although The MSME Act has strong legal framework, the weak institutional capacity, low legal awareness and the informal nature of many MSMEs act as obstacles to reach its full potential. By providing a multi-disciplinary perspective, the paper identifies that there is a continuing gap between the intended outcomes of the MSME Act and the realities at the ground level, and recommends new avenues for research in order to further promote policy effectiveness in the growth of rural MSMEs.
