



E-ISSN: 2708-4523
P-ISSN: 2708-4515
Impact Factor (RJIF): 5.61
AJMC 2026; 7(1): 26-31
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www.allcommercejournal.com
Received: 13-10-2025
Accepted: 17-11-2025

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A study on awareness of MSME definition and government schemes among college students

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DOI: <https://www.doi.org/10.22271/27084515.2026.v7.i1a.950>

Abstract

Micro, Small, and Medium Enterprises (MSMEs) play an important role in strengthening the Indian economy by encouraging entrepreneurship, generating employment, and supporting balanced economic growth. The Government of India has introduced various policies and schemes to develop and encourage this sector over time. However, the result of these initiatives largely depends on the awareness level of the people for whom they are meant. College students are a crucial group in this context, as they are the future entrepreneurs and professionals. The present study tries to inspect the level of awareness among college students regarding the definition and classification of MSMEs as prescribed under the MSME Development Act, 2006, and its 2020 amendments. It also examines students' awareness of various government schemes introduced for MSME development. This study is based on primary data collected from 181 students across different academic disciplines. The findings reveal that although students have limited basic knowledge of MSMEs but their knowledge of government schemes and institutional support is comparatively high. The study shows the need for better academic exposure, awareness programmes, and practical orientation to strengthen students' understanding of MSME-related policies.

Keywords: MSME, student awareness, government schemes, MSME development, entrepreneurship

Introduction

While large-scale enterprises have contributed significantly to the growth of the economy, MSMEs are no less important in recent years. Micro, Small, and Medium Enterprises occupy a significant position in the Indian economy due to their contribution to employment generation, regional development, and industrial output. To redefine enterprise classification based on investment and turnover criteria, the Government of India enacted the MSME Development Act in 2006, which was later revised in 2020. Various schemes such as Prime Minister's Employment Generation Programme (PMEGP), Pradhan Mantri Mudra Yojana (PMMY), Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), ZED Certification Scheme, Digital MSME Scheme and CHAMPIONS Portal have been introduced to develop entrepreneurship and provide financial as well as technical support to MSMEs. Despite the availability of these initiatives, their benefits can be fully realized only when potential beneficiaries are well informed. College students represent the future workforce and potential entrepreneurs; therefore, their awareness about MSMEs plays an important role in long-term economic development. However, little exposure to academic and a lack of practical orientation restrict their understanding of MSME policies and schemes. In this particular context, the present study tries to assess the awareness level of college students regarding MSMEs and related government initiatives.

State governments are primarily responsible for the development and promotion of MSMEs. However, through various initiatives, the Indian government supports the State governments' efforts. The Ministry of MSMEs and its organisations assist states in their efforts to promote jobs, entrepreneurship and livelihood opportunities (Annual report MSME, 2020-21).

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Old Definitions of MSMEs as per MSMED Act,2006

The Micro, Small, and Medium Enterprises Development (MSMED) Act serves as the basis for the Ministry of Micro, Small, and Medium Enterprises' current definition criteria. In 2006, the act was formed and according to this act, MSMEs are classified differently according to their investment in plant and machinery in manufacturing and service units.

Types of Enterprises	Manufacturing Enterprises	Service Enterprises
Micro Business	Not more than or equal to Rs. 25 lakhs	Rs. 10 lakhs or less
Small Business	Rs. 25 lakhs to Rs. 5 crore	Rs. 10 lakhs to Rs. 2 crore
Medium Business	Between Rs. 5 and Rs. 10 crore	Between Rs. 2 and Rs. 5 crore

Source: Annual Report of MSME 2019-20

Revised MSME definition as per the amendments of 2020

On May 13, 2020, the Atamnirbhar Bharat package announced an amendment to the MSME definition to include more units under the stated schemes. According to

Types of Enterprises	Investments	Turnover
Micro Business	Not more than Rs. 1 crore	Not more than Rs. 5 crore
Small Business	Not more than Rs. 10 crore	Not more than Rs. 50 crore
Medium Business	Not more than Rs.50 crore	Not more than Rs. 250 crore

Source: Annual Report of MSME 2020-21

Objectives of the study

1. To examine the level of awareness among students regarding the definition and classification of MSMEs as per the MSME Development Act, 2006 and its 2020 amendments.
2. To analyse students' awareness of various government schemes introduced for the promotion of MSMEs.

Review of literature

1. Merovci and Shehu (2013) [25], The objective of this study was to examine the students' perceptions of entrepreneurship as a career option in Kosovo and to evaluate the factors influencing entrepreneurial intention. The primary data was collected from 285 university students and from public and private institutions through questionnaires. The findings of this paper indicated that most students view entrepreneurship positively, particularly those with business education or family entrepreneurial backgrounds. However, limited institutional support, weak access to finance, and insufficient practical training restrict entrepreneurial motivation. The study recommended entrepreneurship education across all disciplines, improving government support mechanisms, and promoting awareness programs to encourage youth participation in entrepreneurial activities.
2. Balaria, F.E., *et al.* (2020) [24] This study examined the level of awareness of Micro, Small, and Medium Enterprises (MSMEs) in District IV of Nueva Ecija regarding three key legislations such as the Magna Carta for MSMEs (RA 9501), the Barangay Micro Business Enterprises Act, and the Go Negosyo Act. A descriptive research design was employed using a structured questionnaire of 340 MSME owners. Data were analyzed using descriptive statistics. The results revealed that most respondents were female, married, college-educated, and engaged in micro-scale service enterprises. While respondents were generally aware of the existence of Negosyo Centers, awareness of their training and technical assistance services was limited. The study found the need for stronger information dissemination and capacity-building initiatives by government agencies and academic institutions.
3. Kumar (2022) [5] examined the correlation between policy awareness and the growth of Micro, Small, and Medium enterprises. The findings revealed that MSMEs that actively pursued information and comprehended the advantages of initiatives such as the credit guarantee fund scheme, financial support from the Small Industries Development Bank of India (SIDBI), and Udyam Registration demonstrated superior financial performance. The research concluded the necessary steps to enhance the awareness level among MSMEs through educational workshops and government collaboration with industry associations.
4. Ajitha and Safia (2022) [1] examined the level of awareness regarding MSME schemes in Kerala. This study titled "*A Study on the Awareness about MSME Schemes in Kerala with Special Reference to Thiruvananthapuram District*" showed the importance of MSMEs in economic development, entrepreneurial growth, and employment generation, in the particular context of Kerala. The study explained the role of government initiatives and analyzed the extent to which these schemes reached the intended users. The use of primary data enhances the reliability of the study. The findings clearly indicated that despite the existence of various schemes, awareness among entrepreneurs remained inconsistent, primarily due to limited outreach and administrative challenges. The study effectively emphasized the need for improved communication, institutional support, and training programs.
5. Sri Keerthana *et al.* (2025) [2] analysed the level of awareness of MSMEs among undergraduate students in Coimbatore city. This paper showed valuable insight into the level of understanding and engagement of students with the MSME sector. This paper identified the significance of MSMEs in economic development and emphasizes the role of youth awareness in strengthening entrepreneurial growth. The primary data was gathered through questionnaires. and analysis was based on percentages. The result showed that although a majority of students were aware of MSMEs, their participation in MSME-related programs remained limited. This gap between awareness and involvement is one of the key contributions of this study. The dominance of commerce students in the sample also reflected the academic inclination toward business-related knowledge, while the comparatively lower participation from other disciplines showed the need for interdisciplinary exposure.

this package, Investment and turnover are the basis to define MSME. Additionally, there is no longer a separation between the manufacturing and service sectors (Indiafilings.com, July 2025).

6. Sajna, V., & Dharmaraj, A. (2024) ^[3]. This paper provided a clear and focused examination of awareness related to Micro, Small and Medium Enterprises (MSMEs), their growing importance in economic development and employment generation. The primary data was used to collect data. This study revealed that the knowledge of MSME schemes influences participation and interest in entrepreneurial activities.

7. Hasyim and Widyaningsih (2024) ^[4] The purpose of this study was to inspect the level of awareness among entrepreneurs regarding Central Government schemes and training programmes. The main objective was to assess awareness levels and identify factors influencing knowledge of government initiatives. Primary data were collected from 200 entrepreneurs using a structured questionnaire, while secondary data were obtained from journals and official sources. Statistical tools such as percentage analysis, ANOVA, and Friedman tests were applied for analysis. The result showed that most entrepreneurs were moderately aware of government schemes, with newspapers and advertisements being the main information sources. Significant associations were found between investment levels and funding sources. The study showed the need for improved awareness programs, training initiatives,

and institutional support to boost entrepreneurial development.

Research Methodology

This study is descriptive in nature and based on the primary data collected directly from undergraduate and postgraduate students of Government College in Gurugram. The required information was obtained through a structured questionnaire by using Google Forms, which enabled efficient and systematic data collection. For analysis, a total of 181 valid responses were collected and considered as the sample size of the study. A simple percentage method, charts and tables were used to analyze the data.

Table 1: Gender wise distribution of Respondents

Gender	No of Respondents	Percentage
Male	86	47.5%
Female	95	52.5%
Total	181	100

Table 1 presents the gender wise distribution of respondents included in this study. Out of the total 181 respondents, 86 are male, constituting 47.50% of the sample, while 95 respondents are female, accounting for 52.50%.

Gender wise distribution of Respondents

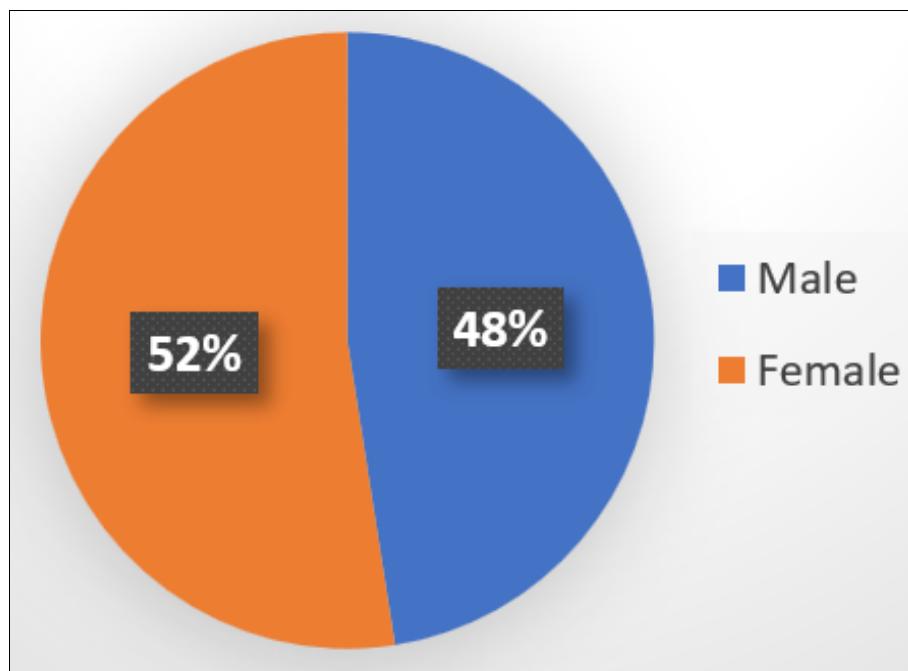


Fig 1: No of Respondents

Table 2: Educational Discipline of the Respondents

Educational Discipline	No. of Respondents	Percentage
Commerce	108	59.67
Science	34	18.78
Arts	39	21.55

Table 2 presents the distribution of respondents according to their educational discipline among the total respondents. A majority of 108 students, representing 59.57% belong to the Commerce stream. Students from the Arts discipline

account for 39 respondents, constituting 21.55% of the total sample, while Science students' number 34, representing 18.78%.

Educational Discipline of the Respondents

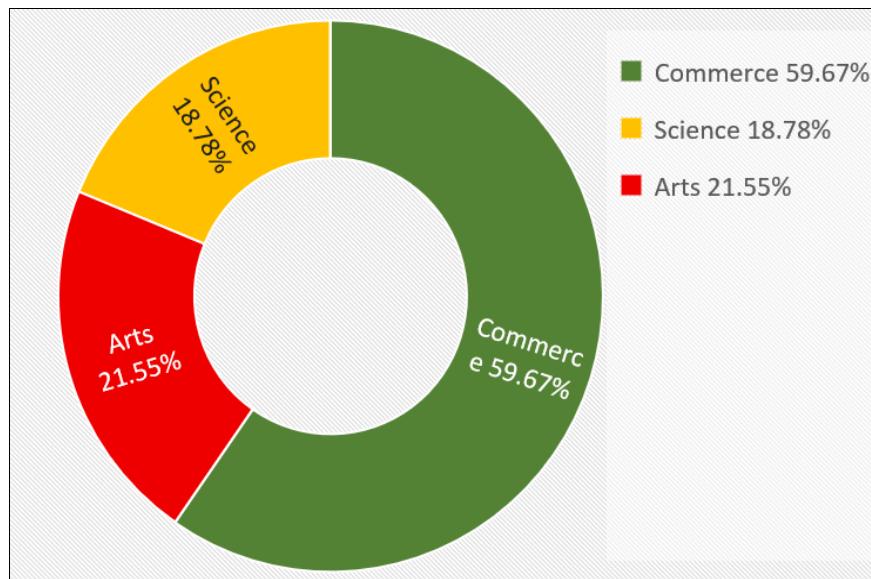


Fig 2: Academic Discipline of The Respondents

Table 3: Awareness of the fundamental definition and classification criteria for Micro, small, and medium enterprises as per the MSME Development Act,2006, and its 2020 amendments

Awareness Level	Number of Respondents	Percentage
Fully Aware	50	27.62
Partially Aware	97	53.59
Not Aware	34	18.79
Total	181	100

The above table shows that out of 181 respondents, the majority (53.59%) were partially aware, indicating moderate

awareness levels. About 27.62% were fully aware, showing a smaller group with complete knowledge. However, 18.79% were not aware at all, reflecting an awareness gap. Overall, the findings reveal that awareness is moderate in nature, with a dominance of partial awareness rather than complete understanding.

Awareness of the fundamental definition and classification criteria for Micro, small, and medium enterprises as per the MSME Development Act,2006, and its 2020 amendments

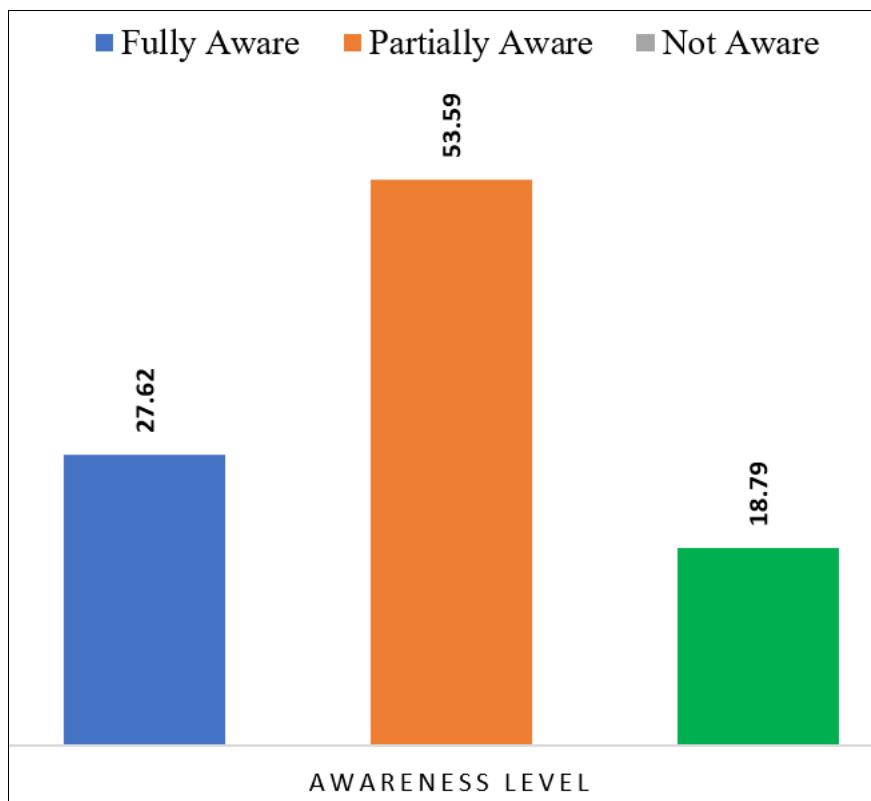
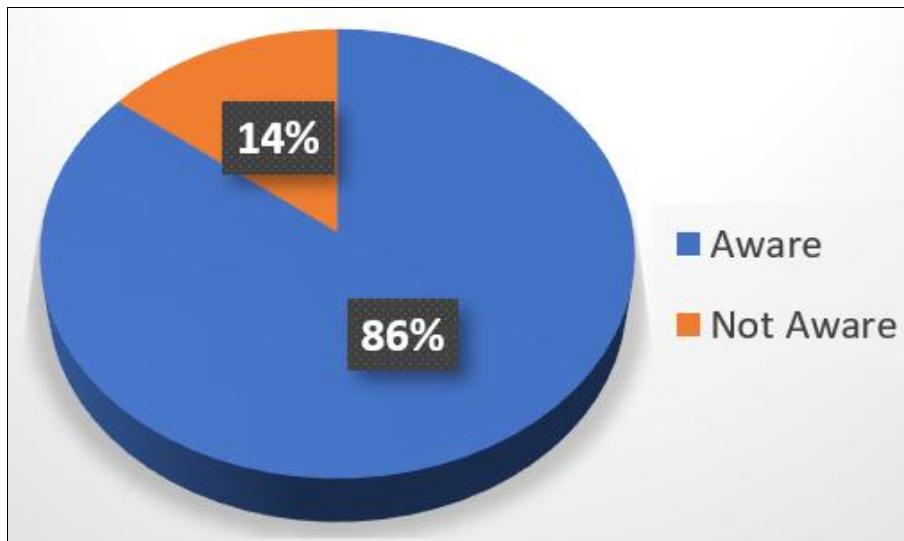


Fig 3: Awareness about MSME fundamental and amended definitions

Table 4: Awareness about Government Schemes of MSMEs

Awareness level	Number of Respondents	Percentage
Aware	155	85.64
UnAware	26	14.36

Awareness about Government Schemes of MSMEs

**Fig 4:** Awareness of Respondents about Govt. Schemes of MSMEs**Table 5:** Government Schemes for MSMEs

Government Schemes for MSMEs	Awareness	Percentage of awareness
Pradhan Mantri Mudra Yojana (PMMY)	36	19.89
Prime Minister's Employment Generation Programme (PMEGP)	27	14.92
MSME Innovation & Incubation (ASPIRE Scheme)	6	3.31
Digital MSME Scheme	16	8.84
Udyam Registration	23	12.71
SAMBHAV Portal	11	6.08
MSME Sustainable Zero Defect Zero Effect Scheme (ZED)	2	1.10
Certification Scheme	5	2.76
Credit Linked Capital Subsidy Scheme (CLCSS)	10	5.52
Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE)	16	8.84
CHAMPIONS Portal	3	1.66
Not Aware of the schemes	26	14.36
Total	181	100

The above table shows that most respondents have some level of awareness about government schemes related to MSMEs. The highest awareness is seen for the Pradhan Mantri Mudra Yojana (19.89%), followed by PMEGP (14.92%) and Udyam Registration (12.71%), indicating that these schemes are more widely known among students. Schemes such as ASPIRE, ZED, CHAMPIONS Portal, and Certification Scheme show very low awareness, which suggests limited exposure or promotion. Overall, 85.64% of respondents are aware of at least one MSME scheme, while 14.36% are completely unaware. This indicates that although awareness is fairly high, knowledge is concentrated around only a few popular schemes.

Findings

The study findings indicate a higher participation of female respondents, accounting for 52.50 per cent of the total sample. A majority of the respondents, that is 59.67 per cent, belong to the commerce stream, reflecting greater academic representation from this background. With regard to awareness, 53.59 per cent of the respondents possess

partial knowledge about the basic and revised definitions of MSMEs as prescribed under the MSME Act, 2006, and its 2020 amendment. Furthermore, a substantial proportion, nearly 85.64 per cent, are aware of most government schemes introduced for the development of MSMEs.

Conclusion

The present study provides meaningful insights into the awareness level of respondents regarding MSMEs and related government initiatives. The findings reveal a noticeable representation of female respondents, indicating increasing participation and interest among women in MSME-related matters. The dominance of students from the commerce stream further reflects a natural alignment with business, entrepreneurship, and economic policy awareness. However, despite this academic background, the level of complete understanding regarding the fundamental and amended definitions of MSMEs remains moderate. A majority of respondents were found to be only partially aware of the provisions of the MSME Act, 2006 and its 2020 revision, suggesting gaps between theoretical exposure

and practical understanding. At the same time, the high level of awareness about government schemes for MSMEs is a positive outcome. It reflects the effectiveness of government outreach programs, digital platforms, and promotional efforts aimed at encouraging entrepreneurship and small business development. Nevertheless, awareness alone does not ensure effective utilization. The lack of in-depth knowledge about policy frameworks and classification norms may limit the ability of individuals to fully benefit from these schemes. Overall, the study recommends the need to improve awareness among college students in a more systematic way. Regular training programs, workshops, and practical exposure should be included in academic learning. Better understanding of MSME policies will help students make informed decisions and encourage them to actively participate in the growth and development of the MSME sector in the future.

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