

*Abstract of Doctoral Dissertation*

**A Study of Efficacy and Efficiency of selected PSBs  
financing to Small and Medium Enterprises  
with special reference to Gujarat State<sup>1</sup>**

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**I. Introduction**

*1.1. Background of the study*

THE MICRO, SMALL and Medium enterprises today constitute a very important segment of the Indian economy. The development of this sector came about primarily due to the vision of our late Prime Minister Jawaharlal Nehru who sought to develop core industry and have a supporting sector in the form of small scale enterprises. SMEs sector has emerged as a dynamic and vibrant sector of the economy. Today, it accounts for nearly 35% of the gross value of output in the manufacturing sector and over 40% of the total exports from the country. In terms of value added, this sector accounts for about 40% of the value added in the manufacturing sector.

MSMEs are defined in different countries on different basis, few of the countries consider total turnover in the previous years, some countries consider number of people employed, other consider both as a base for categorising small and medium enterprise, India consider total investment in the plant and machinery for categorising micro, small and medium enterprises. In earlier years India defined small scale industries based on investment in plant and machinery. Later, an inclusive definition was given by MSME Act 2006, which included service sector also. Manufacturing and service industries were differently defined.

The present ceiling on investments to be classified as micro, small or medium enterprises is as under

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