

The Industrial Research and Development Profile of the MSME s Sector in India

SEDME (Small Enterprises Development,
Management & Extension Journal)

1–12

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DOI: 10.1177/09708464211043391

journals.sagepub.com/home/sde



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Abstract

The process of research and development (R&D) is characterised by improvisation, improvement and innovation based on information, knowledge and experimentation. It is the key to modern industrial development. Theoretically, firms are supposed to invest in R&D in order to enhance their existing offering and stay in business, given the competitive globalised market. The Indian economy is characterised as one of the growing global economies. Industrialisation process in India is dominated by the micro, small and medium enterprises (MSMEs). A low level of operation keeps these firms on a small budget, thus making the sector non-conducive in conducting firm-specific R&D. The current article is an empirical elucidation of the MSMEs' industrialisation process in light of industry-specific R&D. The study is based on the Annual Survey of Industries data, analysing the national-level industrialisation process for 3 years from 2016 through 2018. The article finds that the overall MSME sector-specific R&D atmosphere in the country is not satisfactory. There is no correlation and symmetry between the level of industrialisation across states, average output and the R&D process. The findings of the article recommend a change in the industrial policy with a focus on the growth and development of industry-specific R&D.

Keywords

India, MSMEs, states, research and development, industrialisation, growth