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## A Study On Analysis Of The Contribution Of Insurance Companies To The Growth Of Smes

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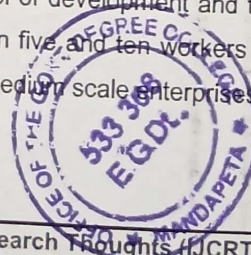
### Abstract:

This paper investigates the role of Insurance in the development of Small and Medium Enterprises (SMEs) in India. SMEs have been accepted as a crucial component of an economy irrespective of the phase of development it is in. It is estimated that more than 95% of the enterprises across the world are SMEs, employing around 60% people in the private sector. The SMEs are considered key elements in the development of every nation. In India, SME sector contributed 28.77% in GDP in 2016-17 with 63 million enterprises and employment of 110 million people. Despite its size, SMEs cumulatively act as foundation of a stable economy and plays a significant role in the sustainable economic growth of a nation. However, the inherent features of SMEs including limited financial and managerial capability cause them to face financial and strategic risks. Sustainability of the SMEs can be supported by eliminating the credit gap and ensuring enhanced access to finance. The provision of financial support by financial intermediaries like banks can be augmented with proper risk management by the SMEs with the help of Insurance Sector. The study concludes that insurance can play a significant role in the development of SMEs by providing them adequate risk protection and thus enhancing their access to finance

Key Words: GDP, SMEs, Insurance, NIC, NICON

### INTRODUCTION:

**BACKGROUND OF THE STUDY** The substantial growth of small and medium enterprises (SMEs) activity clearly marks SME as one of the most remarkable economic phenomena. SME is a business that is privately owned and operated with a small number of employees and relatively moderate volume of sales. The definition of SMEs varies from country to country depending on the level of development and the strength of the economy. The lower limit for small scale enterprises is set at between five and ten workers and the upper limit is set at between fifty and one hundred workers. The upper limit for medium scale enterprises is set between one hundred and two hundred and fifty workers (Hallberg, 2000).



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