**Abstract**

MSMEs are the power engines of the economy. Micro, Small and Medium Enterprise (MSMEs) constitute over 90 percent of total enterprises in most of the economies and are credited with generating highest rate of employment growth and also account for a major share of industrial production and exports. This study aims to investigate the major challenges faced by MSMEs today. It also suggests policy recommendations that would help in overcoming those challenges. The government needs to hand-hold the MSME units in order to promote growth in the manufacturing sector. The state of infrastructure is not satisfactory and calls for more investment from the government. Banks are not so willing to provide loans to these units which challenge the prospects of growth in these units. Delayed payments are a big problem which needs tighter rules on the buyer-side in order to safeguard the interests of the manufacturers.