

An Overview on the Performance of MSME Sector on Entrepreneur & Employment Generation

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ABSTRACT

MSME is playing a vital role in the growth of the economy. The study focusses on the performance of MSME sector in employment and entrepreneur generation. The study uses a descriptive- analytical approach. The percentage of female entrepreneurs is less than male entrepreneurs. The percentage involvement of female entrepreneur in rural areas is more than urban areas. Percentage distribution of enterprises owned by Male is 79.63% and Female entrepreneurs are 20.37%. Percentage distribution of enterprises owned in Rural areas by Males is 77.76% and 22.24% by Females. Percentage distribution of enterprises owned in Urban areas by Males is 81.58% and 18.42 % by Females. Distribution of workers in rural & urban areas is 45% and 55% respectively. Percentage of female and male workers in both urban and rural area is 24% and 76% respectively. The percentage of female entrepreneur is maximum in Micro enterprises and the percentage of male entrepreneur is maximum in medium enterprises. However, male entrepreneurs are more than female entrepreneurs in all the segments. 66.27% of the MSME is owned by socially backward group. The representation of SC and ST owners in MSME is low. 49.72% of the share is of OBC which is the highest. 12.49% and 4.10% which is a small portion is the contribution of SC and ST. Micro Sector with 1076.19 lakh estimated enterprise accounts for more than 99% of the estimated number of MSMEs. Small Sector with 31.95 lakh (2.88%) and Medium with 1.75 lakh (0.16%) of total employment. Out of 1109.89 lakh employees in MSME sector 844.68 (76%) are male employees and 264.92 lakh (24%) are female employees. The rate of employment is more in urban areas (55%) than in rural areas (45%). The role of women entrepreneurship is still less in rural and urban areas. The need is to increase their contribution in order to provide a strong base for financially independent women. In order to meet up with the global competition, there is a need to speed up training and development programmes in MSME sector. Medium Enterprises need special attention as their contribution is minimum. Government should focus on its growth and development. Hub of similar types of business in MSME Sector or its concentration in a particular area can help in ease of doing business, creation of market and easy accessibility of raw material can help in the growth of MSME resulting in balanced regional development. Hence, venture/project management, training of capital management, risk management, marketing skills can be imparted in order to make MSME sound and technically proficient.

Keywords – MSME, GDP, Employment Generation

INTRODUCTION

MSME is the most priority concerned areas of the government now as it is that segment which will initiate and boost balanced regional development of the country leading to increase in the number of employment opportunities, generating new entrepreneurs and this will also help in reducing the burden on the metropolitan cities. This will help in reducing the migration of the people from the rural areas to urban areas.

On 9th May, 2007 the erstwhile ministry of Small Scale Industries and the ministry of Agro and rural industries were merged to form the Ministry of Micro, Small and Medium Enterprises (MSMED). The objective was to formulate strategies, promote facilities, programmes, schemes, projects with the purpose to scale up MSME and also to ensure that it is implemented in an efficient and effective manner.

The MSME Act was notified in 2006 to address different issues affecting MSME and to facilitate the development of these enterprises so as to enhance their competitiveness. The objective was to increase more productive activities which require less capital and more labour consumption resulting in increase in per capita income and GDP.

MSME is defined on the basis of investment. Different investment criterion was given for both Manufacturing and service sector which is illustrated in the table given below-

MANUFACTURING SECTOR

Enterprise	Investment in Plant and Machinery
Micro Enterprises	Does not exceed 25 lakh
Small Enterprises	More than 25 lakh but does not exceed 5 crore
Medium Enterprises	More than 5 crore but does not exceed 10 crore
SERVICE SECTOR	
Micro Enterprises	Does not exceed 10 lakh rupees
Small Enterprises	More than 10 lakh rupees but does not exceed 2 crore rupees
Medium Enterprises	More than 2 crores but does not exceed 5 crore

The need of change arose in the year 2020 when COVID-19 pandemic ensued global economic downturn. The lockdowns and social distancing brought the economy to a standstill. India's rank in Human Resource Development was recorded 131 out of 189 countries. In this critical situation Finance Minister Nirmala Sitharaman announced six measures for the MSME sector as part of the Modi government's 20 lakh crore stimulus package which brought significant changes considering a need of an hour.

A revision in MSME criteria was announced under Aatma Nirbhar Bharat on 13th May 2020 with an objective to be more feasible with time and to provide ease of doing business. The new classification came into effect from 1st July 2020. The changed system set the criterion on the basis of turnover and investment.

- ❖ A micro enterprise where the investment in Plant and Machinery or equipment does not exceed one crore and turnover does not exceed 5 crore rupees.
- ❖ A small enterprise where the investment in Plant and Machinery or equipment does not exceed 10 crore and turnover does not exceed 50 crore rupees
- ❖ A medium enterprise where the investment in Plant and Machinery does not exceed 50 crore and turnover does not exceed 250 crore rupees.

This classification is both for manufacturing and service sector as notified on 26.06.2020 in order to facilitate present and future entrepreneurs. MSME are complementary to large scale industry as ancillary unit and contribute enormously to the socio-economic development of the country. Hence, its growth plays a pivotal role in the growth of the economy as a whole and bridging the gap between rich and the poor.

Objective of the study

- To study the role of MSME in the economic growth of the country
- To study the proportion between male and female MSME entrepreneur
- To study the division of social group as MSME entrepreneur
- To study the percentage distribution of types of employment and gender wise distribution.

RESEARCH METHODOLOGY

The study uses a descriptive- analytical approach. It is based on secondary data and information taken on various government reports especially the annual report of MSME, handbook of statistics of Indian economy, issues of RBI, various Research papers, journals.

REVIEW OF LITERATURE

- Sen Salim, (2016) conducted a study to deal with high regional disparity in the growth of MSME sector. Government of India took initiative with Government of West Bengal introduced various schemes to solve the issues of high cash credit, staffing, planning and inadequate infrastructure facilities.
- Vasa (2016) conducted a research on some selected industries of chemical, pharmaceutical and textile sector of India and China and their impact on the performance of SME's of these sectors. However, till now there are some problems associated with MSME like capital deficiency, threat of competition from national and international market, hike in cost of capital, problems associated with credit, problems associated with staffing, planning and product display and infrastructure not meeting the international standards of competition.

- Shihabudheen N(2013) conducted a study on the benefits and objectives of MSMEs Act 2006. The act is to promote facilities to MSME for the development of the enterprise to enhance competitiveness and efficacy. The study was important to know the impact of MSME act on SSI unit. Special funds were created for enhancing competition, progressive credit policies for micro and small enterprises.
- Subrahmanya(2004) highlighted the impact of globalization and domestic reforms on small scale industrial sector by emphasizing that small industry had suffered in terms of growth of units, employment, export and production. The need is to make small industry technologically sound and competitive which can effectively contribute to employment and national income.

DISCUSSION

Realizing the crucial role of MSME in the all round development of the country, time and again various schemes, assistance and subsidies are provided in order to make this sector excel and grow. The ministry of MSME runs various schemes targeted at-

- Providing credit and financial assistance
- Skill development training
- Infrastructure training
- Marketing assistance
- Technological and quality upgradation
- Other services for MSME across the country

Table 1: Percentage distribution of enterprises owned in Rural and Urban areas by Males / Females

Sector	Male	Female	All
Rural	77.76	22.24	100
Urban	81.58	18.42	100
All	79.63	20.37	100

Source: www.msme.gov.in (Annual Report 2020-21)

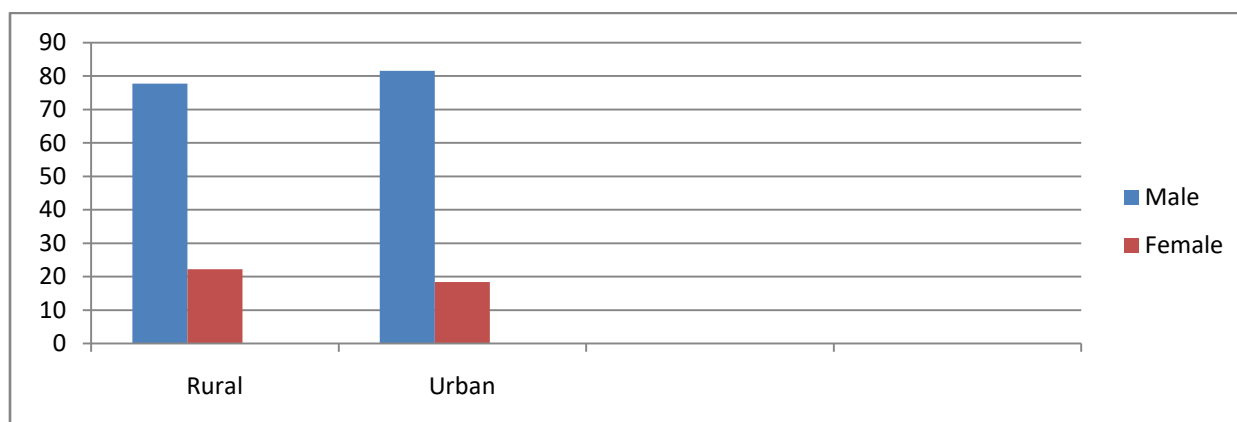


Figure 1

The percentage of female entrepreneur is less than male entrepreneur. The percentage involvement of female entrepreneur in rural areas is more than urban areas which is a good indicator that the rural areas are also developing and women are becoming independent which is a positive sign. 608.41(95.81%) MSME has proprietary concern. The dominance of male ownership is clearly seen. Thus, for proprietary MSME as a whole, 79.63% is male owned whereas 20.37% is female owned. Hence, there is no deviation between rural and urban areas but male dominance in urban areas is slightly more than rural areas.

Table 2: Percentage distribution of enterprises owned by Male/Female entrepreneurs (category wise).

Category	Male	Female	All
Micro	79.56	20.44	100
Small	94.74	5.26	100
Medium	97.33	2.67	100
All	79.63	20.37	100

Source:www.msme.gov.in(Annual Report 2020-21)

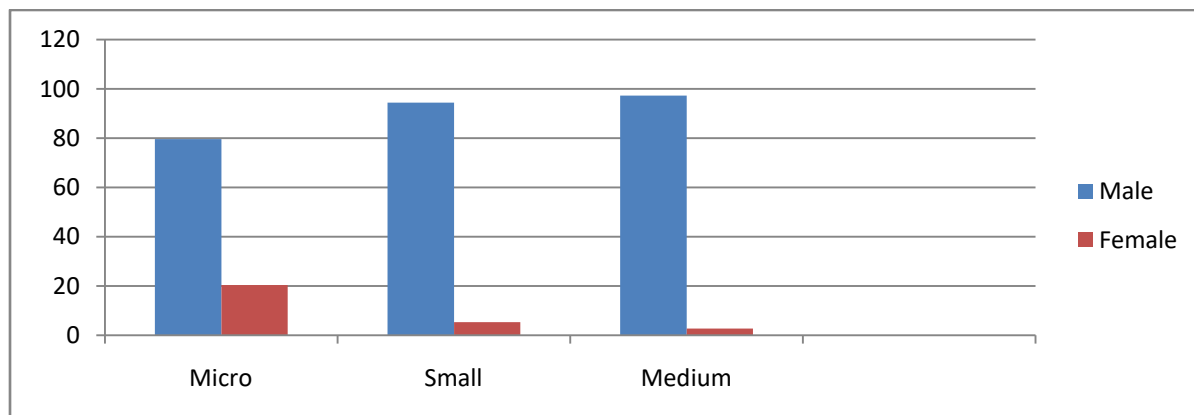


Figure 2: Percentage distribution of enterprises owned by Male/Female entrepreneurs (category wise).

The percentage of female entrepreneur is maximum in Micro enterprises and the percentage of male entrepreneur is maximum in medium enterprises. However, male entrepreneurs are more than female entrepreneurs in all the segments.

Table 3 Percentage Distribution of enterprises by social group of owner in rural and urban areas.

Sector	SC	ST	OBC	Others	Not Known	All
Rural	15.37	6.70	51.59	25.62	0.72	100.00
Urban	9.45	1.43	47.80	40.46	0.86	100.00
All	12.4	4.07	49.70	33.04	0.79	100.00

Source:www.msme.gov.in(Annual Report 2020-21)

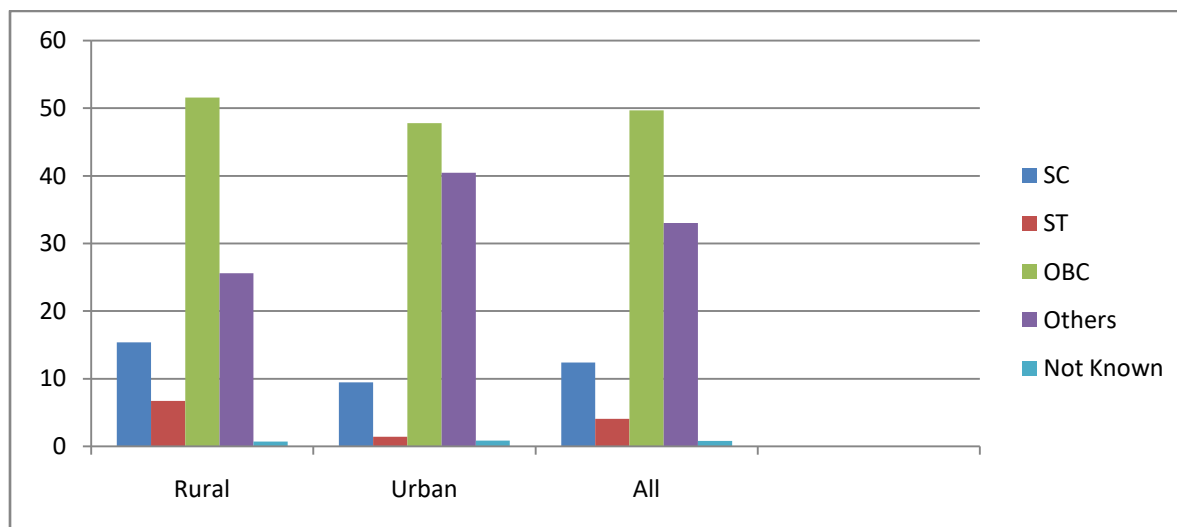


Figure - 3

66.27% of the MSME is owned by socially backward group. The representation of SC and ST owners in MSME is low. 49.72% of the share is of OBC which is the highest. 12.49% and 4.10% which is a small portion is the contribution of SC and ST. Hence, the growth of MSME is lopsided as OBC enjoys the largest share.

Table 4: Distribution of employment by type of Enterprises in Rural and Urban Areas
(Numbers in lakh)

Sector	Micro	Small	Medium	Total	Share(%)
Rural	489.30	7.88	0.60	497.78	45
Urban	586.88	24.06	1.16	612.10	55
All	1076.19	31.95	1.75	1109.89	100

Source: www.msme.gov.in (Annual Report 2020-21)

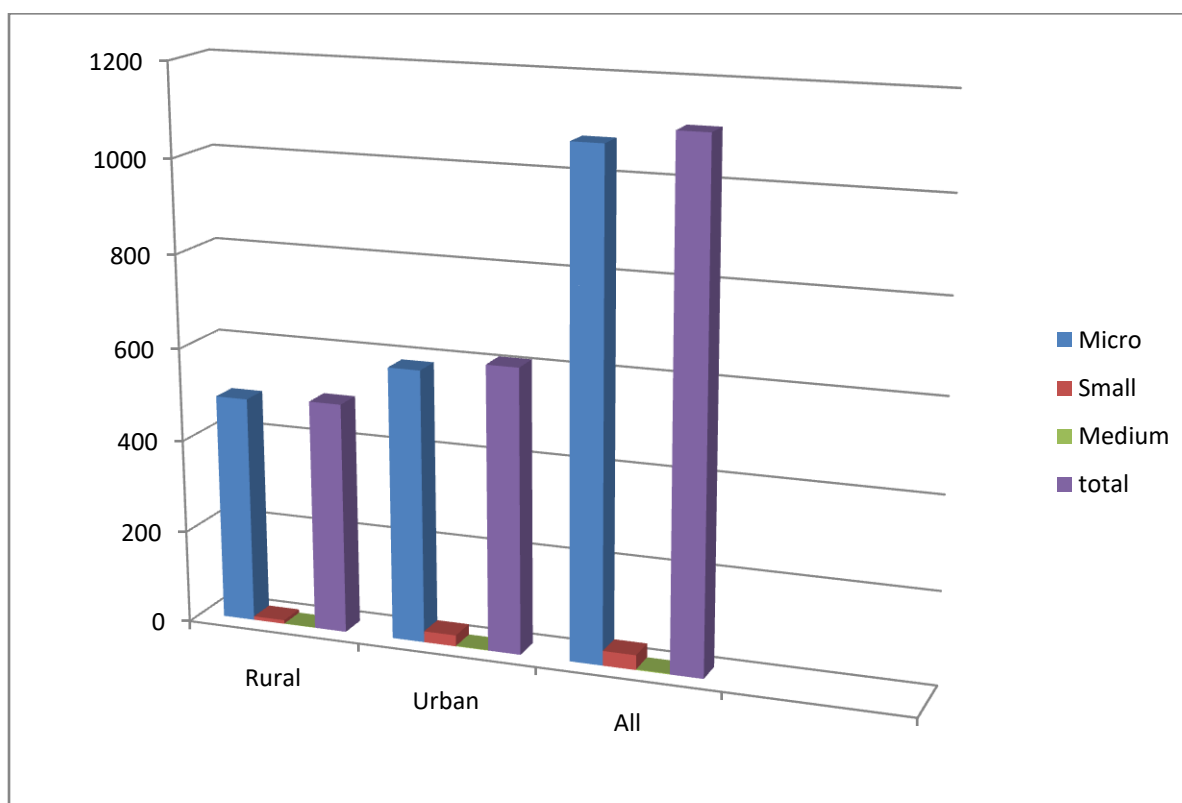


Figure - 4

Micro Sector with 1076.19 lakh estimated enterprise accounts for more than 99% of the estimated number of MSMEs. Small Sector with 31.95 lakh (2.88%) and Medium with 1.75 lakh (0.16%) of total employment. It is clear that Micro enterprises are playing an important and effective role in employment generation. This is may be due to less capital requirement and ease of starting up, running and maintaining business.

Table 5 Distribution of Workers by Gender in Rural & Urban areas

(Number in lakhs)

Sector	Female	Male	Total	Share(%)
Rural	137.50	360.15	497.65	45
Urban	127.42	484.54	611.96	55
Total	264.92	844.69	1109.89	100
Share(%)	24	76	100	

Source: www.msme.gov.in (Annual Report 2020-21)

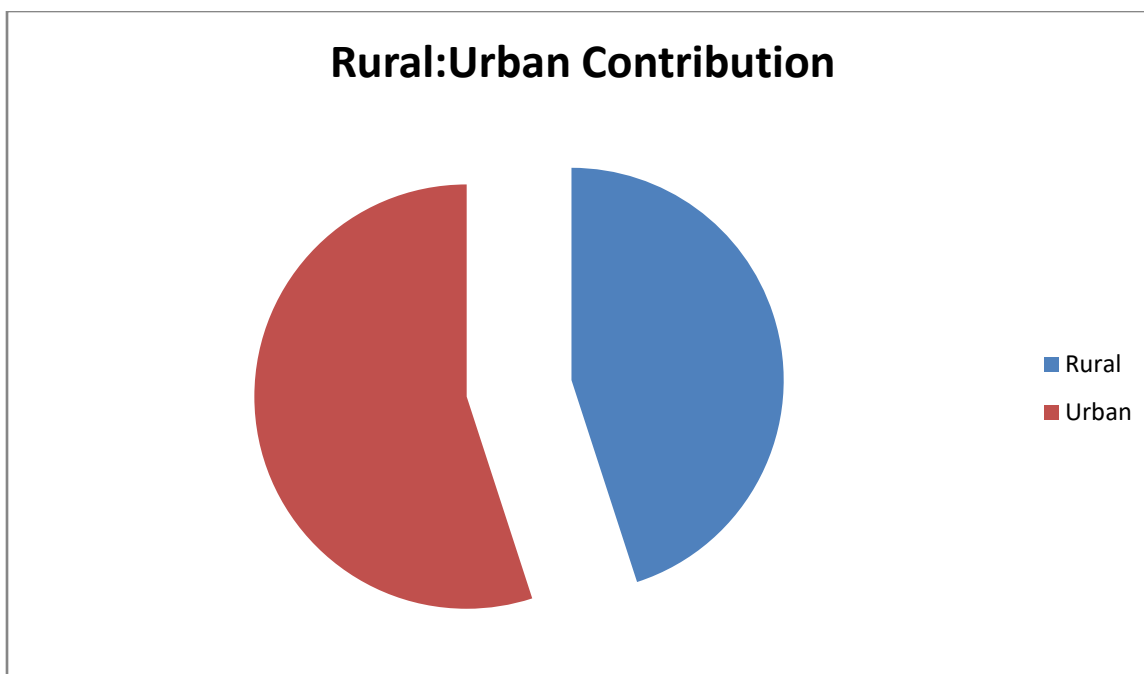


Figure 5

Out of 1109.89 lakh employees in MSME sector 844.68 (76%) are male employees and 264.92 lakh a(24%) are female employees. The rate of employment is more in urban areas (55%) than in rural areas (45%)

FINDINGS

- Percentage distribution of enterprises owned by Male is 79.63% and Female entrepreneurs are 20.37%.
- Percentage distribution of enterprises owned in Rural areas by Males is 77.76% and 22.24% by Females.
- Percentage distribution of enterprises owned in Urban areas by Males is 81.58% and 18.42 % by Females.
- Distribution of workers in rural & urban areas is 45% and 55% respectively. Percentage of female workers in both urban and rural area is 24% and percentage of male workers in both urban and rural areas is 76%
- The percentage of female entrepreneur is maximum in Micro enterprises and the percentage of male entrepreneur is maximum in medium enterprises. However, male entrepreneurs are more than female entrepreneurs in all the segments.
- 66.27% of the MSME is owned by socially backward group. The representation of SC and ST owners in MSME is low.49.72% of the share is of OBC which is the highest.12.49% and 4.10% which is a small portion is the contribution of SC and ST.
- Micro Sector with 1076.19 lakh estimated enterprise accounts for more than 99% of the estimated number of MSMEs. Small Sector with 31.95 lakh(2.88%) and Medium with 1.75 lakh(0.16%) of total employment.
- Out of 1109.89 lakh employees in MSME sector 844.68 (76%) are male employees and 264.92 lakh a(24%) are female employees. The employment avenues are more in urban areas(55%) than in rural areas(45%)

SUGGESTIONS

- The role of women entrepreneurship is still less in rural and urban areas. The need is to increase their contribution in order to provide a strong base for financially independent women.
- In order to meet up with the global competition, there is a need to speed up training and development programmes in MSME sector
- Medium Enterprises need special attention as their contribution is minimum. Government should focus on its growth and development

- Hub of similar types of business in MSME Sector or its concentration in a particular area can help in ease of doing business, creation of market and accessibility of raw material
- MSME can help in balance regional development. Hence, venture/project management, training of capital management, risk management, marketing skills can be imparted in order to make MSME sound and technically proficient.

CONCLUSION

The growth of MSME sector is remarkable and the government has taken various steps in order to bring this sector in the forefront of the economic activities. Government is providing handholding support for bank loans, Udyam registration and e-passes etc. The government is focussing on skill development. Mahatma Gandhi Institute for rural industrialization (MIGRI) Was initiated in October 2008 under ministry of MSME to accelerate rural industrialization, empower traditional artisans and R&D for alternate technology by using local resources. The number women entrepreneurs have increased. This will be surely a platform for long term sustainable development of the country by keeping balanced regional development in mind

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