Vol-1 Issue-1 2023
Scientific Research Journal of Business, Management and Accounting
ISSN: 2584-0592, Peer Reviewed Journal

Helping India's Small and Medium-Sized Enterprises Create Jobs

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ABSTRACT

In India, micro, small, and medium-sized businesses have played an increasingly vital role in the nation's efforts to provide urban and rural residents with employment opportunities during the last fifty years. In recent years, small and intermediate businesses have contributed much more to the gross domestic product, resulting in the creation of many new employment possibilities. This study's results provide insight not only into the current state of job creation in India but also into the future of job creation by MSMEs. The results of this study lead the researchers to conclude that micro, small, and medium-sized enterprises (MSMEs), particularly those located in rural areas, contributed significantly to the growth of employment opportunities. In addition, the states of Uttar Pradesh, Gujarat, Rajasthan, Telangana, Tamil Nadu, and Madhya Pradesh, as well as Karnataka, have each contributed to the increase of work opportunities. In conclusion, the findings of this study shed light on crucial issues such as strengthening infrastructure in rural areas and increasing investment in previously neglected enterprises.

***Keywords**: Employment, Medium-Sized Enterprises (MSMEs), Government Programs.*

Introduction

Over the last fifty years, Indian businesses of all kinds have contributed substantially to the national economy. Even while agriculture remains the largest source of employment in India, the country's independence limited the growth of small-scale industries in rural parts. Several five-year plans, projects, schemes, and initiatives helped propel the country's economy to the forefront throughout the course of many decades. Indias' GDP, exports, and industrial output are all supported by the country's more significant, smaller, and medium-sized businesses (LSMB). In 2006, government authorities agreed to use the terms micro, small, and medium to describe different kinds of firms. The government of India has initiated many initiatives in recent years to encourage the growth of this sector. The Credit Guarantee Scheme, Digital India, Standup India, and the Mudra Initiative are just a few of these initiatives. The General Assembly of the United Nations designated July 27 as International Micro, Small, and Medium-Sized Enterprises Day because of its significance. This was done to highlight the contribution of these companies to meeting the Sustainable Development Goals set by the United Nations.

Analyzing the Existing Research

Uma Pujar, who received her Ph.D. in 2014, states in her dissertation that "the article explored the impact that Small and medium companies have on job generation and grassroots business." As a case study, she used the Indian economy. This book is a collection of information from various previously published works. According to the findings of this research, the government of India should give micro-businesses a high priority because of the good impact they have on the nation's economy.

Masters Jyoti Sharma and Guneet Gill, both from the Class of 2016: To identify the function that micro firms play in the development and present status of India's economy, this article investigated that role. As a result, considering the goals of the investigation, an analysis of secondary data was carried out as part of the descriptive study. According to the findings of this research, India's gross national product, industrial growth, and exports were all improved by the country's presence of micro, small, and medium-sized companies (MSMEs).

Vinay Kumar's (2017) study sought to answer the question, "How can MSMEs assist India in accomplishing its goal of equitable development by offering employment chances for the country's jobless?" by researching to investigate this question. According to the findings of this research, which were derived from an analysis of secondary data, the contributions of MSMEs, and those in the industries of manufacturing and services in particular, to the GDP of the nation are far more than was previously assumed.

This article from the 2018 Priyadarshani Zanjurne focused on India's SMEs' growth, success, and promise. This research took an exploratory tack by using secondary data analysis to go back eighteen years and make sense of the expansion, challenges, and government efforts to support MSMEs. This study's results suggested that medium and small enterprises were critical to the development of the manufacturing sector, the emergence of new employment possibilities, and the increase of exports.

The study's requirement

In many ways, the successes of India's large and medium-sized businesses may be seen as the driving force behind the country's social and economic development. Small and medium-sized enterprises (SMEs) play a crucial role in many facets of society, but perhaps most notably in creating jobs in the fastest-growing sectors of the global economy. This study set out to assess the current condition of small, medium, and large businesses throughout the country and the tendencies each state has demonstrated in terms of new job creation.

Objectives

- Examining the Obstacles Facing Small, Independent, and Medium-Sized Businesses
- Examining this subject, you can see how the average age of M&S employees has changed over time.

Methodology

This study is comparative and draws its data from various sources, including previous research, academic papers, news articles, and websites dedicated to the topic. Many different sources were used to compile this secondary data. Information collected was organized and shown visually in the form of charts and graphs for the reader's benefit. Several distinct understandings have emerged due to factoring in the research's aims.

Present circumstance of MSMEs

When creating new jobs in India's rural and urban regions, the informal sector and modestly sized firms have emerged as key players. Therefore, the following table provides insight into the overall number of businesses and the sectors to which they belong.

Table - 01: The total number of tiny, intermediate, and medium-sized firms

classification of actions	Quantity of Businesses Expected (in lakh)			Share (%)
	Rural	Urban	Total	
Industrial	115.17	84.30	195.78	32
Energy	0.05	0.027	0.029	0.01
Trade	108.79	133.44	267.52	40
Diverse Services	117.00	111.87	199.98	34
Entirely	333.77	299.00	521.44	97

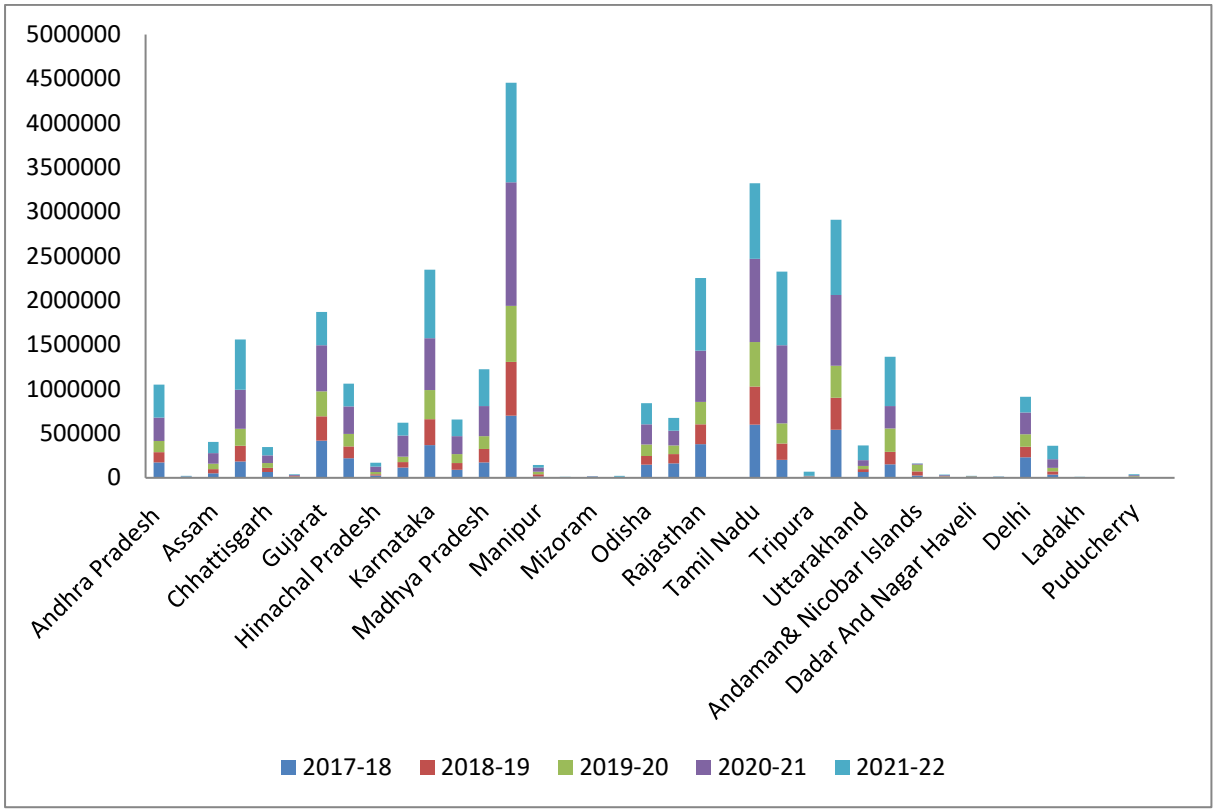
Source: A yearly statement from MSMEs for 2021-22

You may get a rough idea of how many businesses are in operation in India right now from the data shown in table 01. The manufacturing sector in rural areas is growing faster than retail, other service sectors, and the section of the economy that deals with electric utilities. While other service industries, manufacturing, and those dependent on energy have been declining in metropolitan areas, trade-related enterprises have been increasing. Market firms, which encompass rural and urban sites, have exhibited generally expanding tendencies, whereas other services, production, and energy all show zero proportional shares of the total number of companies. This is so even though commercial firms may be found in both urban and rural areas. Around 38% of all jobs in India are in the agricultural sector. Therefore, rural areas remain an essential source of employment and play a significant role in the national economy. Governments have responded to this information by enacting several programs, including the MSMEs Development Act - 2006, the PMEGP, the Commercial Bank Scheme for Microenterprises, etc. These initiatives include the PMEGP, MSMEs Development Act, and CGTMSE. As a direct result of these policies, micro, small, and medium-sized companies (MSMEs) now constitute most of India's rural manufacturing base, while firms involved in trade constitute the bulk of India's urban manufacturing sector.

Employment Patterns in Microscopic, Medium Enterprises

The Indian economy is expanding at one of the highest rates now seen elsewhere in the globe as a direct result of the country's progress in the areas of social, economic, and technological development. Increasing employment opportunities around the globe, especially in the form of large, medium, and intermediate firms, have been a driving force behind the global economy's shift toward a more advanced and vibrant state.

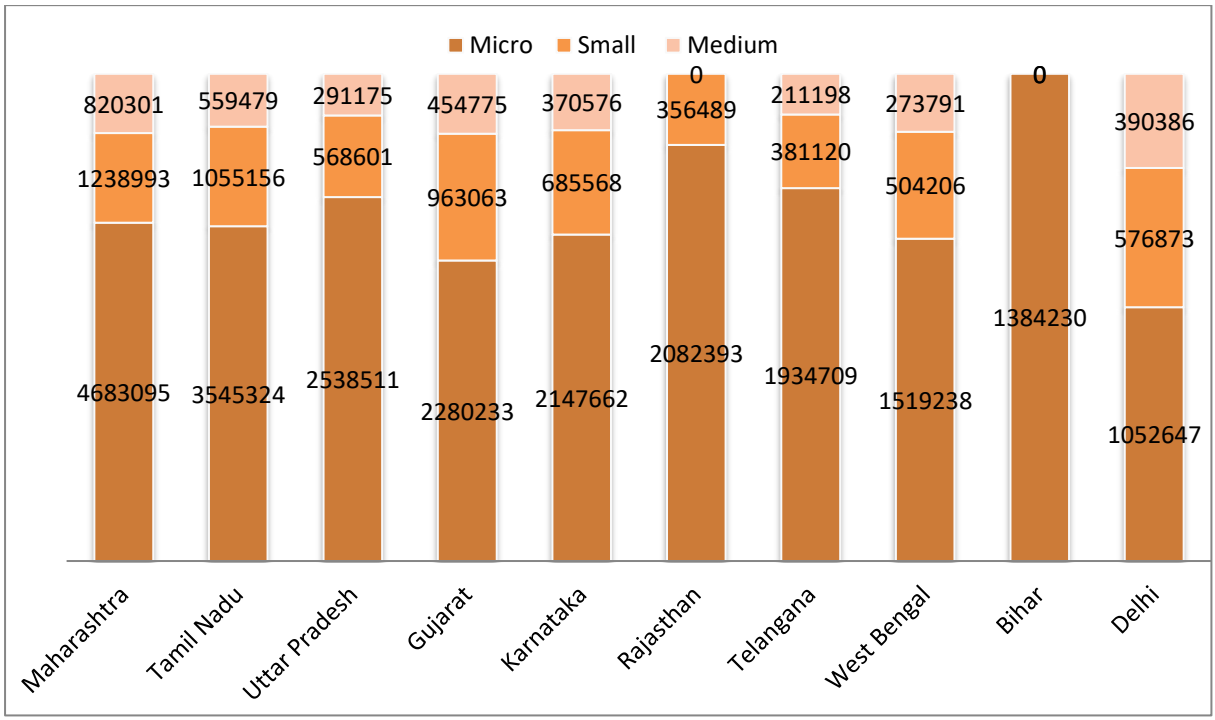
Figure - 01: **Employment Patterns in Microscopic, Medium Enterprises**



The trends in Figure -01 illustrate how micro, small, and medium-sized firms (MSMEs) in India have contributed to the country's job market. This data suggests that, except for the year 2020, the Indian states of Maharashtra, Uttar Pradesh, Tamil Nadu, and Telangana would be the most productive in adding new jobs between 2017 and 2021. Lakshadweep has the lowest rate of job creation among the years given. There is then some diversity in the states of Sikkim, Ladakh, and Meghalaya, followed by Daman and Diu and the Andaman and Nicobar Islands. Even if job growth is occurring in other states like Tamil Nadu, Andhra Pradesh, Hyderabad, Gujarat, and Kerala, it is notable that Maharashtra is at the top of the list. However, despite their size disadvantage, smaller nations and islands have succeeded in creating some new jobs. The government of India has made strides over the last decade to improve the prospects of micro, small, and medium-sized businesses (MSMEs) by increasing their access to funding, training, and publicity. This has significantly impacted the present employment situation in the states of Maharashtra, Tamil Nadu, Meghalaya, Gujarat, Maharashtra, and Andhra Pradesh.

Different sections of India have a higher concentration of micro, small, and medium-sized enterprises (MSMEs) because they have better access to resources, and this has caused some states to have a more rapid rate of workforce development than others. Because of this, certain governments have gained a reputation for being more productive than others. The following chart analyses the various types of medium and intermediate businesses and how they contribute to the economy's expansion and create new jobs throughout the nation.

Figure - 02: top ten states/UTs in terms of employment



Source: A Descriptive and Statistical Bulletin on Udyam Registration for the Year 2021

Chart 02 depicts the top ten states and territories regarding the extent of the effect that MSEs have on employment. Included in this ranking are both contiguous and noncontiguous areas. As a direct result of this, the Indian state of Maharashtra boasts the highest percentage of the country's population employed by micro companies. After this comes Tamil Nadu, Uttar Pradesh, Gujarat, and a few more states. The number of individuals who are employed by small companies in the state of Maharashtra is the greatest in the country. This is followed by the number of people employed by small businesses in Tamil Nadu, Rajasthan, Chhattisgarh, and Delhi, in that order. Once again, the Indian state of Maharashtra is at the very top of the list when it comes to the number of job opportunities provided by small and medium-sized enterprises (SMEs). After it comes to the state of Tamil Nadu, then Gujarat, then Delhi, and finally, the state of Karnataka. To be more specific, states like Bihar and Rajasthan have fallen behind in providing their populations with the number of jobs that companies of a medium-sized scale would produce. In recent years, several of India's more liberal countries, responsible for a substantial share of the nation's gross domestic product, have made significant strides toward meeting the needs of their respective local populations by increasing the economic opportunities that exist for them. These states are responsible for a large share of the country's GDP. The Indian states of Tamil Nadu, Telangana, Gujarat, Uttar Pradesh, Maharashtra, and others have followed the example set by Maharashtra by providing preferential treatment to micro, small, and medium-sized companies (MSMEs) via a variety of different initiatives. These services include of things like financing, the development of skills, the enhancement of infrastructure, subsidies, and facility markings.

Conclusion

Due to the considerable contributions, it has made to India's overall socioeconomic growth, the micro, small, and medium-sized company sector has become an integral element of the Indian economy. The proliferation of medium- and large-sized businesses in developing nations like India has transformed the landscape of employment opportunities in general. In reality, tiny and medium-sized firms confront various obstacles, the most significant of which is a lack of access to technology and capital, especially in rural regions. This issue is pervasive in regions with low population density. In addition,

colossal investments must be expanded concurrently with adopting a Free Commerce Agreement, which would promote international trade for small and large businesses and enable the economy to grow from the standpoint of socioeconomic and equitable development.

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