

PERFORMANCE OF MSME IN EMPLOYMENT GENERATION IN CHHATTISGARH WITH REFERENCE TO RAIPUR DISTRICT (2020-2021 TO 2021-2022)

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ABSTRACT

The MSME sector is considered the backbone of the Economy that has contributed substantially to the economic development of the nation or state. It generates employment opportunities and work in the development of backward and rural areas. MSME is an important sector for social and economic growth of a nation. It represents the human factor in production of goods and services of an economy. This article is a valuable means for understanding MSME performance in Raipur district of Chhattisgarh. It provides extensive information about sector activities, its strength and shortcomings, and the trends observed and expected. The study is based on secondary data.

KEYWORDS: MSME Sector, Economic Development, Employment Opportunities, Economic Growth.

Introduction

In terms of employment, production, income, and export, the sector holds great significance. This industry demands substantial effort and provides numerous employment opportunities. By generating income, jobs, and self-sufficiency, the sector can help reduce regional disparities. It is currently facing tough competition due to recent economic advancements. To enable MSMEs to compete effectively in the market, they must enhance their performance and efficiency. This study compares the technical effectiveness of registered and unregistered state-level MSMEs.

The Indian government established the National Board for Micro, Small and Medium Enterprises (NBMSME) in line with the Micro, Small and Medium Enterprises Development Act, 2006, to analyze the factors influencing the growth and promotion of MSME. Moreover, this organization evaluates existing regulations and provides recommendations to the government for the enhancement of the MSME sector.

The Ministry of MSME offers the following services:

- Entrepreneurship development testing and training facilities
- Development of product and project profiles
- Technical and managerial consulting services
- Export support
- Energy use and pollution audits.

In addition to contributing to India's Gross Domestic Product (GDP), the Micro, Small and Medium Enterprises (MSMEs) in Chhattisgarh state are flourishing by creating a substantial number of job opportunities.

Based on the National Sample Survey conducted by the MSME Ministry of the Indian government, Chhattisgarh currently boasts more than 8.48 lakh micro, small, and medium-sized businesses, with a significant participation of over 71,000 women entrepreneurs. These businesses have provided employment to 17 lakh individuals. Chhattisgarh was honored with the second-place award for Overall Excellent Performance at the National MSME Award Ceremony. The MSME sector in the state

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not only contributes to its development by providing valuable resources but also offers online services. The Industry and Commerce Department of the state government plays a crucial role in providing platforms for product development and promotion. The Development Commissioner (MSME) in New Delhi formulates policies and schemes for the development of the MSME sector in the country.

Previous Category of MSME

Category	Manufacturing	Service Sector
	Investment in Plant & Machinery (excluding Land & Building)	Investment in equipment (excluding Land & Building)
Micro	Up to Rs. 25 lakhs.	Up to Rs. 10 lakhs.
Small	Above Rs. 25 lakhs and up to Rs. 5Crore.	Above Rs. 10 lakhs and up to Rs. 2Crore.
Medium	Above Rs. 25 lakhs and up to Rs. 10	Above Rs. 2 crores and up to Rs.5Crore.

Revised MSMEs Classification

Category	Micro	Small	Medium
Manufacturing and services	Investment < Rs. 1 Crore & Turnover < Rs. 5 Crore	Investment < Rs. 10 Crore & Turnover < Rs. 50 Crore	Investment < Rs. 20 Crore & Turnover < Rs. 100 Crore

Objectives of the Study

- To study job prospects in the study economy's MSMEs sector.
- To research the state and development of MSMEs in Chhattisgarh.
- To research the effects of MSMEs' formation in Chhattisgarh and job prospects.

Literature Review

In order to support of the topic following literature reviews:

Using the trans log production frontier, Bhavani (1991) examined the productivity of four 4-digit level industries of metal product groups that are part of small-scale industries. The study came to the conclusion that certain industries support growth goals and have efficient manufacturing processes. There aren't many studies that estimate the technological efficiency of small-scale industries, but it's urgent to compare the technical efficiency of MSMEs that are registered and those that aren't. Thus, a comparative analysis and an estimation of the technical efficiency of registered and non-registered MSMEs are performed in this research.

Singh, Rajesh K., Suresh K. Garg, and S.G. Deshmukh, "Strategy development by SMEs for competitiveness: a review," 6 (2008) Comparing: In order to increase their competitiveness in the global market, SMEs should focus on developing strategies in the following key areas, according to this article. SMEs are viewed globally as the catalyst for economic expansion.

In order to shed light on the role that MSMEs play in the advancement of socially disadvantaged groups, Shivani Mishra (2012) undertook a study that also emphasised MSMEs' place in the globalisation period. The study at the end confirms that SMEs make a significant economic contribution to India. The MSMEs support rural development, the decentralisation of economic power, and the equitable distribution of industries. An additional discovery indicated that MSMEs have a major role in employment generation, industrial production, and exports.

Khurud B.S. (2015) investigated how the MSMEs sector's exports were impacted by the elimination of protective measures. The results demonstrated that the growth in MSMEs' exports exceeded India's overall export growth rate following the elimination of the protective measures. The researcher also mentioned the limitations that globalisation has brought about for MSMEs in India. Among the most notable are the unfair competition that larger domestic and international enterprises in the field confront. MSMEs also have lower overhead costs because they lack managerial experience and access to contemporary technologies. Sharma and Sharma (2010) investigated the state-wise cluster's (registered) relative production efficiency of small-scale companies in India. To assess the efficiency, they employed the data envelopment analysis (DEA) technique. The Third All India Census of Small-Scale Industries (2001–2002) served as the study's foundation. To measure efficiency, variables including employment, fixed assets, and production are taken into account.

Brief of Raipur

The Raipur District is situated in the fertile plains of the Chhattisgarh Region. It is positioned between latitudes 22° 33' N and 21° 14' N and longitudes 82° 6' to 81° 38' E. The district shares borders with Bilaspur in the north, Bastar and a portion of Orissa state in the south, Raigarh and a portion of Orissa state in the east, and Durg in the west.

Raipur is not only one of India's largest steel marketplaces but also a major industrial hub. As one of the largest cities in Chhattisgarh, it attracts numerous tourists from all over the world. Raipur is home to more than 200 steel mills and six steel plants.

Chhattisgarh State is estimated to have around 80,000 Micro, Small, and Medium-Sized Enterprises (MSMEs). The top industrial districts in the state include Raigarh, Raipur, Durg, and Bilaspur. The state of Chhattisgarh is blessed with abundant valuable minerals and forest resources.

The major industries in Chhattisgarh, such as steel, aluminium, cement, thermal power, mining, and various specialized sectors, make a significant contribution to the state's growing economy.

Chhattisgarh has been recognized with the National MSME Award for its efforts in promoting start-ups, facilitating ease of doing business, fostering socioeconomic growth, and generating employment opportunities.

Methodology

The research employed secondary data collected from various sources, including journals, the ministry of statistics and programme implementation's website, and the annual reports of the Chhattisgarh ministry of micro, small, and medium-sized enterprises. The collected information encompassed the composition of MSMEs in the country, the employment generated by the MSME sector, and the growth and performance metrics of the sector. Microsoft Excel was utilized to qualitatively assess the data, which was then presented in the form of tables and charts.

An Overview of the MSME Sector's Employment Situation and Activities

Table 1: Number of Establishment by Type and Category (2020-2022)

S. No.	Year	Rural			Urban			Combined		
		Type of Establishment			Type of Establishment			Type of Establishment		
		OAE	Est	Total	OAE	Est	Total	OAE	Est	Total
1	2020-2021	13573	4649	18222	30220	23556	53776	43793	28205	71998
2	2021-2022	14827	5268	20295	33542	27449	60991	48369	32717	81086

Source: -Director, Directorate of Economic and Statistics, C.G.

Note- OWE- Own Account Establishments., Estt. (H)- Establishments having at least one hired worker.

Graph 1

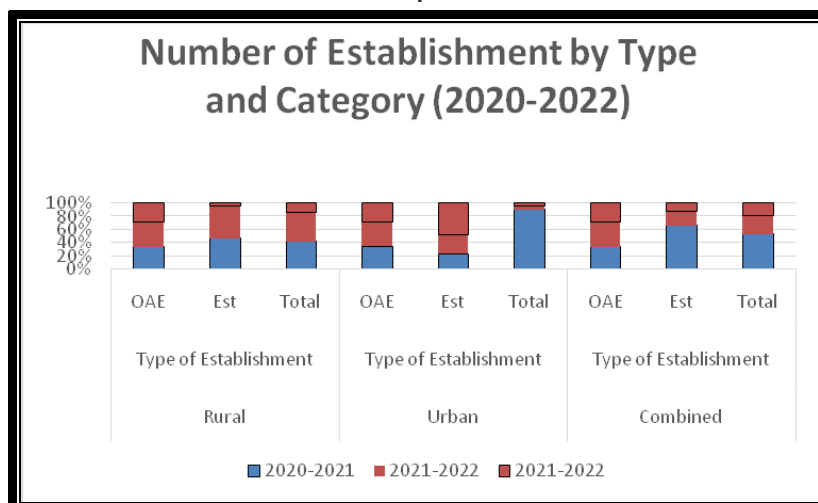


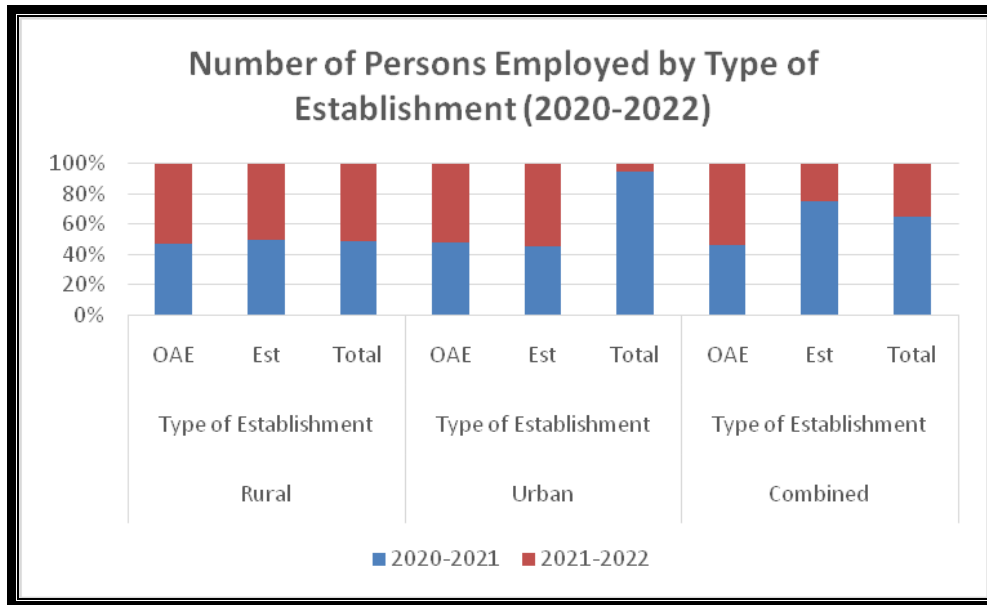
Table 2: Number of Persons Employed by Type of Establishment (2020-2022)

S. No.	Year	Rural			Urban			Combined		
		Type of Establishment			Type of Establishment			Type of Establishment		
		OAE	Est	Total	OAE	Est	Total	OAE	Est	Total
1	2020-2021	17166	44200	61366	39398	13137	1170769	56564	175571	232135
2	2021-2022	19564	45654	65218	42784	15892	58676	65218	58676	123894

Source: -- Director, Directorate of Economic and Statistics, C.G.

Note- OWE- Own Account Establishments., Estt. (H)- Establishments having at least one hired worker

Graph 2



Data Analysis & Findings

To analyse the data on the number of establishments and on the number of persons employed by the type of establishment from 2020 to 2022. There are two categories: Rural and Urban. The data column divides in three parts OAE (Own Account Establishments) and Est (Establishments). In the third column on both the data (Table 1 & 2) the total number of establishment and the persons employed in each category (Rural, Urban, Combined) is provided.

By type of establishment and category from 2020 to 2022, we can observe that in 2020-2021 Rural areas had 13,573 OAE establishments and 4,649 EST establishments, total 18,222. Urban areas had 30,220 OAE establishments and 23,556 EST establishments, total 53,776. Combined, there were 43,793 OAE establishments and 28,205 EST establishments, overall total 71,998.

In 2021-2022 Rural areas had 14,827 OAE establishments and 5,268 EST establishments, total 20,295. Urban areas had 33,542 OAE establishments and 27,449 EST establishments, total 60,991. Combined, there were 48,369 OAE establishments and 32,717 EST establishments, overall total 81,086.

The data show an increase in the number of establishments across all categories and types from year 2020-2021 to year 2021-2022.

To analyse the data on the number of persons employed by the type of establishment from 2020 to 2022. In 2020-2021, the total number of persons employed in rural areas was 56,564 and in urban areas was 175,571, total 232,135. In 2021-2022, the total number of persons employed in rural areas increased to 65,218, and in urban areas was 58,676, total 123,894.

There is an increase in the total number of persons employed from 2020-2021 to 2021-2022, both in rural and urban areas. The urban employment rate saw a slower growth rate compared to rural areas, with a slight decrease in the total employed. The rural sector seems to be the primary contributor to the increase in employment. Further analysis includes examining the types of establishments contributing to this growth and any regional variations.

Suggestions

The MSME Annual report indicates that there are a total of 72,747 MSMEs in the Raipur district, showcasing untapped potential in the sector. Efforts are being made by the State to align with the Government of India's goal of doubling the Indian economy to \$5 trillion by 2024-25. However, the State lags behind in terms of the number of employees in the MSME sector, with a figure of 16.86, lower than other states. Raipur district houses the largest population in Chhattisgarh. Consequently, the government is taking steps to promote MSMEs to generate new employment opportunities. The government's objectives include increasing MSMEs' share in exports and their contribution to the GDP. To achieve these goals, the government should support local entrepreneurship by offering training and capacity building to local youth and businessmen, as well as facilitating bank loans for units in agriculture and food processing sectors. The sector faces challenges due to the lack of technology-based production activities and low investment in R&D. The government could subsidize globally available technology to enhance the product quality of MSME players using existing resources. Additionally, academic institutions can assist by providing research and development services for product innovation.

Conclusion

The performance of MSMEs in employment generation in Chhattisgarh, specifically in Raipur District, from 2020-2021 to 2021-2022 would involve gathering data on factors such as the number of MSMEs, employment numbers, industry sectors, government policies, and any external influences like the pandemic. Conducting surveys, interviews with business owners, and accessing government reports can provide valuable insights. Look for trends in job creation, challenges faced by MSMEs, and opportunities for growth in specific sectors to formulate comprehensive recommendations for policymakers and business stakeholders.

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