

Micro, Small and Medium Enterprises Vehicle for Eradicating Unemployment in India

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Abstract: India is essentially an agrarian society relying more on monsoon for agricultural activities. But owing to monsoon failures, agriculturists cannot continue agricultural activities throughout the year. Developing entrepreneurial activities among them is the need of the hour to utilise the indigenous resources available in their region. An entrepreneurial activity leads to economic growth and helps to reduce poverty and foster stability. This paper deals with the employment and output generated by MSME units and their role in economic development.

KEYWORDS - Micro, Small, Medium Enterprises, Output, Employment.

INTRODUCTION

Medium, Small and Micro enterprises play a prominent role in the economic development of a country. Government considers MSME as a vehicle to develop underdeveloped and developing regions by utilising the local and indigenous resources. Economic prosperity of a country can be achieved by establishing medium and micro and small enterprises and because it needs very less capital and it is also labour intensive.

A vast number of untapped human resources having tremendous potential would be essential for the growth of any country. Unemployment has increased considerably in India in the recent years. The Planning Commission has estimated that employment backlog in India is at around 28 million in the beginning of the Eighth Plan. Every year, a little over 47 lakh people are added into the unemployed group. (Salam, 1991). The total requirement of employment during 1990 to 1995 would be about 65 million and during the decade 1990-2000 it would be 106 million. K.Kannan Nair, 1992). Growing unemployment and poverty in India can be tackled effectively by developing entrepreneurship. With entrepreneurship, the factors of production can be high which in turn generate employment opportunities and by the spread of economic activities higher rate of economic growth, development of backward areas, and the standard of living of the weaker sections of the society can be improved in the process.

According to Fourth All India Census of Micro, a Small and Medium enterprise, Micro enterprises comprises 94.94 percent, small enterprises constitute 4.89 per cent and medium enterprises constitute only 0.17 per cent. The employments generated by micro enterprises were 70.19 per cent, small enterprises were 25.17 per cent and medium enterprises were 12.49 per cent. The gross output of micro enterprises were 44.24 per cent, small enterprises were 45.06 per cent and medium enterprises are 10.71 per cent. Fifty five per cent of MSME units located in rural areas and 45 per cent of MSME units located in urban areas. The number of units registered production made and employment generated during the periods from 2006-07 to 2011-2012 are given in Table 1.1.

Table 1.1 Growth and Trend in Units Registration, Production and Employment Generation

Year	Units (in Million)	Changes Over Previous Year	Production (in Billion)	Changes Over Previous Year	Employment (in Million)	Changes Over Previous Year
2006-07	36		13513.83		80.52	
2007-08	37.74	1.56	14351.79	837.96	84.20	3.68
2008-09	39.37	1.63	15242.35	890.56	88.08	3.88

2009-10	41.08	1.71	16193.56	951.21	92.18	4.10
2010-11	42.87	1.79	17215.53	1021.97	96.52	4.34
2011-12	44.77	1.90	18343.32	1127.79	101.18	4.66

Source: Annual Reports, MSME

Table 1.1 shows the registration of MSME units ranges from 36 to 44.77 million and has steady increase over the previous year. The production made by the MSME units is increasing year by year ranging from 837.96 billion to 1127.79 billion and the employment generated out of the MSME units range from 80.52 million to 101.18 million and showing a steady increasing trend.

For knowing the estimated trend values of registration, production and employment of MSME unit's trend value is calculated and presented below.

Table 1.2 Trend and Actual Values of Registration, Production and Employment of MSME Units

Year	Registered Units (in Million)		Production (in Billion)		Employment (in Million)	
	Trend Value	(in Actual)	Trend Value	(in Actual)	Trend Value	(in Actual)
2006-07	36.0	36	13404		80.52	
2007-08	37.7	37.74	14366	837.96	84.20	3.68
2008-09	39.4	39.37	15329	890.56	88.08	3.88
2009-10	41.2	41.08	16291	951.21	92.18	4.10
2010-11	42.9	42.87	17254	1021.97	96.52	4.34

Source: Annual Reports, MSME

It is noted from Table 1.2 that the estimated trend values of registration, production and employment of Micro, Small and Medium enterprises are similar with very minute variation.

CONCLUSION

Micro, small and medium enterprises are the backbone of a developing country thus, special emphasis is to be given to them. The primary objective of the MSME is to generate employment, raise income and standard of living of the people and bring balanced and integrated economy. Technical institutes inculcating technical skill among the entrepreneurs should encourage them and enhance value addition and competitiveness of the sector in a globalised environment. It will lead to further effective contribution of the enterprises in the Indian economy and would lead the economy to gain superiority in the globe as far as economic development is concerned.

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