

Role of Micro Small and Medium Enterprises (MSMEs) in Economic Development of India: An Analytical Study

Bikram Das*

Assistant Professor, Faculty of Management and Commerce, ICFAI University, Tripura, email: dasbikram1706@gmail.com

Dr. Bidhu Kanti Das

Associate Professor, Department of Management, Mizoram University, Aizawl, Mizoram, email: bidhudas11@gmail.com

Dr. Dipangshu Dev Chowdhury

Assistant Professor, Faculty of Management and Commerce, ICFAI University, Tripura, email: ddchoudhury@iutripura.edu.in

**Corresponding Author's email: dasbikram1706@gmail.com*

Abstract:

Micro Small and Medium Enterprises (MSMEs) have been recognized for the growth and development of the economy worldwide as well as in India. The MSMEs sector is closely related to the generation of employment, numbers of working units, Gross Domestic Product (GDP) and Gross Value Added (GVA) of the country. However, this study has analysed the status of MSMEs in the economic development of India. For the achievement goal of this study, analytical research study has used and is based on secondary data. The data and reports were collected from different State and central government published MSME reports, Annual Report of MSME, Economic Review and World Bank Group Report etc. For the measuring of data, a percentage method has been selected. In addition to analysing the MSMEs contribution on GVA and GDP, data were selected from MSME Annual report for the period of 2011-12 to 2018-19. The conclusion of this study is that there is a positive relationship between the numbers of MSMEs, employment generation and the economic development of India. The study also revealed that the growth rate of contribution of MSMEs in GVA and GDP has fluctuated within the period under study.

Keywords: MSME, Economic development, Employment, Gross Domestic Product (GDP), and Gross Value Added (GVA) etc.

Introduction:

The MSME sector has been considered an 'Engine of growth' to the economic development in India (Virk & Negi, 2019). The Indian MSME sector is closely associated with the increasing numbers of employment in the MSME sector and the economy over the different states of India. According to, the National Sample Survey (NSS) 73rd round, organized by the National Sample Survey Office, Ministry of Statistics and Programme Implementation in 2015-16 denotes 63.388 million unincorporated MSMEs exist in India. According to, MSME Annual Report 2019-20 denotes that in terms of numbers of working MSME units, Uttar Pradesh 8.999 million (14.19 per cent), West Bengal 8.867 million (13.99 per cent) and Tamil Nadu 4.948 million (7.81 per cent) are recorded as top three states in India. Out of all MSME units, Micro-enterprises share the highest contribution 63.052 million (99.46 per cent). Despite that in terms of activity-wise, the MSME unit has mainly divided into two categories, the manufacturing and trade sector, out of total enterprises, the trade sector shares 23.039

million (36.34 per cent), the manufacturing sector contributes 19.664 million (31.02 per cent) and other services provide 20.685 million (32.64 per cent) in the MSME sector of India (MSME Annual Report 2019-20).

Whereas, as per the MSME Annual Report 2019-20 defines that in terms of employment generation, Uttar Pradesh shares 16.519 million (14.88 per cent), West Bengal contributes 13.546 million (12.20 per cent) and Tamil Nadu shares 9.672 million (8.71 per cent) recorded in the top three positions, among all the states/ UT's in India. This study also revealed that in terms of location wise, maximum number of employees worked in urban areas 61.195 million (55.15 per cent) and as per the gender category, maximum numbers are from Male category 84.469 million (76.12 per cent) and as per units wise category, maximum numbers employees worked in micro-enterprises 107.604 million (96.98 per cent) in India (MSME Annual Report 2019-20).

Table 1: Classification of Global MSMEs

Name of Enterprises	Numbers of Employee	Asset	Annual Sales
Micro Units	Less than 10	USD 100,000	Less than USD 100,000
Small Units	10-50	USD 100,000 to USD 3 million	USD 100,000 to USD 3 million
Medium Units	50-3000	USD 3 million to USD 15 million	USD 3 million to USD 15 million

Source: World Bank Group (2019).

Table 1 described the definition of MSME, till now, there are many definitions and parameters available to measure the concept of MSME and it depends upon the country to country and follows the empirical differences of the characteristic, behaviour of firms etc. According to, the International Finance Corporation (IFC) uses a standard definition based on assets, employees and sales etc., in addition to, the numbers of employee size described the category of enterprises, less than 10 employees exist in micro units, in between 10-50 numbers employees available in small enterprises and in between 50-3,000 employees working in medium enterprises (World Bank Group 2019).

Table 2: Classification of a new concept of MSME

Revised MSME Classification			
Composite Criteria: Investment And Annual Turnover			
Category	Micro units	Small units	Medium units
Services and Manufacturing sector	Investment: Rs. 10 million	Investment: Rs. 100 million	Investment: Rs. 200 million
	Turnover: Rs. 50 million.	Turnover: Rs. 500 million.	Turnover: Rs. 1000 million.

Source: Atmanirbhar Bharat 2020, Government of India.

Table 2 shows the government of India introduced a new definition of MSME on June 1, 2020, Under 'Atmanirbhar Bharat Abhiyan (ABA)', by 'Micro Small and Medium Enterprises Development (MSMED)', Government of India. The main goal of this concept is to make the country and its residents self-sufficient with holistic development. This new package concept changed the MSME classification by introducing an estimate for both investment and annual turnover. Similarly, under the MSME Act, 2006 definition, the

capacity between the manufacturing and service categories was eliminated and as a result of this alignment both the sectors will be uniform.

The MSMEs sector plays a very significant contribution to the development of the national economy in India. This study revealed a major share of the economic development captured by the MSME sector, whether in terms of creating employment or increasing numbers of enterprises in the country. This present paper is focusing on the status of MSMEs in the economic development of India. The study revealed that according to MSME Annual Report 2019-20, there are 63.388 million MSME units available in India, out of which micro-enterprise play a major role, which are 63.052 million (99.46 per cent) units. In the employment profile, this sector creates employment 110.96 million, out of which, the male is 84.468 million (76.12 per cent) and female is 26.492 million (23.88 per cent). As per the financial year, 2011-12 to 2018-19 depicted the contribution of total Gross Domestic Product (GDP) and Gross Value Added (GVA) in the MSME sector have been fluctuating. Furthermore, for the selection of data collection, secondary data has been used. In addition, for the analysis and interpretation of data, the percentage method has been used and for the better understanding of all the data present in the tabulation form.

Objectives:

This present research study is an attempt to find out the topic of “Role of MSMEs in the economic development of India: an analytical study”. However, being a developing country, India has relied on this sector to generate employment, growth of GDP and GVA etc. In addition, many important types of research have been done on the theme of the MSME sector. So, the present paper highlighted the objectives, which are:

- 1) To examine the trends and contribution of the MSME sector in the development of India's GDP.
- 2) To study the status of employment and MSME units to economic development.
- 3) To study the growth of GDP, GVA and growth of the MSME sector: a comparison.

Review of Literature:

The purpose of this review of literature is to understand the analysis and status of MSME sector in the economic development of India; as such it is important to study the growth of MSME for economic development in other countries as well as different states of India. This review is based on two categories, global and national perspectives of MSME. This study is based on secondary data from the MSME report made by central and state governments; published papers and MSME Annual reports etc. In addition, to have a better understanding of the MSME sector in India, existing literature in the form of journals, books, published theses, and select websites were studied and reviewed. Some of them are the following:

Global perspective:

Yahaya et al. (2016) this paper intended the role of MSME in the economic development of Nigeria. This paper focused on a case study of the MSME sector in Damaturu metropolis Yobe state in Nigeria. However, for this study Qualitative research method has been selected and primary data has been collected from eight MSMEs owners, administrators, and a government official of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). The conclusion of this study is that the MSME sector is a useful engine that encourages economic development countrywide through entrepreneurship and employment generation.

Abdullahi et al. (2018) depicted the impact of Micro Small and Medium Enterprises (MSMEs) on Economic Development in Nigeria: 1999-2017. The objective of this study is to evaluate the contribution of MSME on Nigeria's economic development. In addition, for this paper secondary data sources have been collected and for the analysis of data Ordinary Least Square (OLS) Regression methods have been used. Furthermore, the output of this study is that there is a positive relationship between MSMEs growth and economic development of Nigeria.

Usman and Tahir (2018) this study depicted "an exploratory study and factors influencing performance on MSME sector in Borno State, Nigeria". This sector is considered the 'engine of growth' of any country. For this study, primary data collected from 100 entrepreneurs and 80 questionnaires were retrieved. For the data analysis purpose, Principal Component Analysis (PCA) along with Varimax Rotation methods has been used. Furthermore, this study found that five reliable factors create influence on the MSME sector.

Suhaili and Sugiharsono (2019) this paper is to find out the MSMEs role in the Contribution of GDP and creating employment in Indonesia. Furthermore, this study is descriptive in nature and secondary data has been collected from the Ministry of Co-Operative and MSMEs and the Central Statistics Agency. The findings of this study are that the total percentage of labour was 97.03 per cent and 92 per cent workforce was created by micro-enterprises; Small businesses contributed 5 per cent and 3 per cent of business contributed by medium enterprises. In addition, micro-units share the maximum number of GDP contributions and overall, 22.75 per cent of total GDP contributed by the MSME sector in Indonesia.

National perspective:

Mishra and Padhi (2012) this paper shows "Impact of Micro Small and Medium Enterprises in Economic Development: A pragmatic analysis". The main objectives of this study are impact of MSME on GDP and economic development of India and comparison between overall industrial growth and MSME growth. This study also shows that this sector contributed 45 per cent manufacturing output, 40 per cent export and produced 8000 value added products which generated 6 crore employment. However, the data collected from secondary sources and four dimensions are selected, i.e. employment, contribution in GDP, production and export etc. Moreover, the conclusion of this paper indicated this sector positively contributed to the economic development of India.

Rajaiah and Sivasankar (2013) this paper entitled "Role of Micro Small and Medium Enterprises in Economic Development of Chittoor District ", for this study primary and secondary data sources have been used and for the selection of samples a stratified sampling method has been selected. However, the data was collected from 141 (which are 10 per cent of the total population) entrepreneurs of this district and recorded through a structured questionnaire. The data has found that the MSME sector contributes to economic development through the uplift of generation of employment, investment, manufacturing, exporting etc. Moreover, the government also provides financial and non-financial support to the entrepreneurs for establishing their businesses in this sector.

Sharma and Varshney (2013) this study focused on "Role of Micro Small and Medium Enterprises (MSMEs) in India: A study with special reference to Rohilkhand Region ". For this paper, the data has been collected from primary and secondary sources. The primary data was recorded in the questionnaire from the entrepreneurs of MSMEs. However, the sample has been collected through stratified sampling and also a combination of random and

purposive samples has been used. From the data, it has concluded that the numbers of MSME, employment and investment dimension have been increased in particular years of this area.

Satpathy et al. (2017) this study intended to “A Study of Micro, Small and Medium Enterprises: the Backbone for Economic Development of Indian Economy” and emphasized MSMEs' output to the Indian economy in terms of the total number of employment, Gross Domestic Product (GDP), fixed investment, as well as the products and MSME sector's growth rate in contrast to other sectors. The researchers discovered and reported, this sector has significant possibilities to promote industrial output in activities such as "Make in India" and they recommended that the government take additional efforts to improve the situation.

Surjan and Srivastava (2021) their paper entitled “Evaluative Study of Micro Small and Medium Enterprises (MSMEs) in Madhya Pradesh”, the data collected from primary and secondary sources and qualitative research methods. For data analysis purposes, Mean, Standard Deviation, Regression analysis and percentage methods were used. In addition, in this study data was collected from 51 districts, a total of 745 entrepreneurs were contacted and 621 numbers were filled and returned, out of that 608 numbers were filled by MSME entrepreneurs. However, from the data, the numbers in the MSME sector have increased from FY 2005-06 to 2015-16.

Research Methodology:

For this present study, analytical research is used and for the data collection methods, secondary data sources have been utilized from the Annual report of MSME, different Central and State governments published MSME report, Economic Review, World Bank Group report and Industrial Department and Commerce report etc. In addition, for the deep analysis and interpretation of data and finding out the status of MSME sector in the economic development of India, the Percentage method has been used. However, to find out the contribution of MSMEs in GVA and GDP, data collected from MSME Annual report for the period of FY 2011-12 to FY 2018-19.

Data Analysis and Results:

The MSME sector plays a critical role in Indian economic development. This sector creates opportunities for the unemployed people and contributes to developing the GDP and GVA of the nation. In this study, find out the impact of MSMEs contribution for the economic development and government role for investment to the MSME sector of the nation.

Table 3: Composition of MSME in India

Parameters	Numbers of distribution (in millions)	Shares in %
Total numbers of enterprises:	63.388	100
Micro enterprises	63.052	99.46
Small enterprises	0.331	0.52
Medium enterprises	0.005	0.07
MSME (Location wise):		
Urban area	30.900	48.75
Rural area	32.488	51.25
MSME (Activity wise):		
Trade sector	23.039	36.34
Manufacturing sector	19.664	31.02
Other services	20.685	32.64

Total numbers of employment:	110.96	100
Employment (based on Enterprises):		
Micro enterprises	107.604	96.98
Small enterprises	3.181	2.87
Medium enterprises	0.175	0.15
Employment (based on Location):		
Urban area	61.195	55.15
Rural area	49.765	44.85
Employment (based on Gender):		
Male	84.469	76.12
Female	26.491	23.88

Source: Compiled from MSME Annual Report 2019-20.

Table 3 described that as per the MSME Annual Report, 2019-20 depicted that a total numbers of 63.388 million MSME units are available countrywide, out of which 63.052 million (99.46 per cent) of micro enterprises, 0.331 million (0.52 per cent) small enterprises and 0.005 million (0.07 per cent) of medium enterprises exist in all the states/ UT's. However, it can analyse the maximum numbers of enterprises located in rural areas instead of urban areas, among all the total enterprises 32.488 million (51.25 per cent) enterprises located in rural areas and 30.9 million (48.75 per cent) are located in urban areas. However, based on the activity-wise category trade units contributed the highest percentage of MSME units 23.039 million (36.34 per cent) by service units, 19.664 million (31.02 per cent) by manufacturing units and 20.685 million (32.64 per cent) by other services activity observed in different MSME units of India.

Besides that in the employment profile of MSME units, a total number of 110.96 million employees are working in different States/UTs. Out of the total numbers of employees, 107.604 million (96.98 per cent) are available in micro enterprises, 3.181 million (2.87 per cent) in Small enterprises and 0.175 million (0.15) exists in Medium units. However, it was also observed that the majority of employees are working in urban areas of the different states of India. Among all total numbers of employees 61.195 million (55.15 per cent) are located in urban areas, whereas 49.765 million (44.85 per cent) numbers employees are working in rural areas. Based on the demographic category, the maximum number of employees belongs to the Male category, 84.469 million (76.12 per cent), whereas, 264.91 million (23.88 per cent) are from the female category.

Table 4: States/ UT's distribution and Percentages of Enterprises in India

Rank	State/ UT's name	Numbers of Enterprises (in millions)				Shares in percentage (%)
		Micro	Small	Medium	Total	
1.	Uttar Pradesh	8.963	0.036	0.00	8.999	14.19
2.	West Bengal	8.841	0.026	0.001	8.867	13.99
3.	Tamil Nadu	4.927	0.021	0.00	4.948	7.81
4.	Maharashtra	4.761	0.017	0.00	4.778	7.53
5.	Karnataka	3.825	0.009	0.00	3.834	6.04
6.	Bihar	3.441	0.004	0.00	3.446	5.43
7.	Andhra Pradesh	3.374	0.013	0.00	3.387	5.34
8.	Gujarat	3.266	0.05	0.00	3.316	5.23
9.	Rajasthan	2.665	0.02	0.001	2.687	4.23

10.	Madhya Pradesh	2.642	0.033	0.001	2.674	4.21
11.	Telangana	2.594	0.01	0.001	2.605	4.10
12.	Kerala	2.358	0.021	0.00	2.379	3.76
13.	Odisha	1.980	0.004	0.00	1.984	3.12
14.	Jharkhand	1.578	0.01	0.00	1.588	2.51
15.	Punjab	1.456	0.009	0.00	1.465	2.31
16.	Assam	1.210	0.004	0.00	1.214	1.91
17.	Haryana	0.953	0.017	0.00	0.97	1.53
18.	Delhi	0.925	0.011	0.001	0.936	1.47
19.	Chhattisgarh	0.845	0.003	0.00	0.848	1.13
20.	Jammu & Kashmir	0.706	0.003	0.00	0.709	1.11
21.	Uttaranchal	0.415	0.002	0.00	0.417	0.65
22.	Himachal Pradesh	0.386	0.006	0.00	0.392	0.61
23.	Tripura	0.21	0.001	0.00	0.211	0.33
24.	Manipur	0.18	0.00	0.00	0.18	0.28
25.	Meghalaya	0.112	0.00	0.00	0.112	0.17
26.	Puducherry	0.096	0.00	0.00	0.096	0.15
27.	Nagaland	0.091	0.00	0.00	0.091	0.14
28.	Goa	0.07	0.00	0.00	0.07	0.11
29.	Chandigarh	0.056	0.00	0.00	0.056	0.08
30.	Mizoram	0.035	0.00	0.00	0.035	0.05
31.	Sikkim	0.026	0.00	0.00	0.026	0.04
32.	Arunachal Pradesh	0.022	0.00	0.00	0.023	0.03
33.	A & N Islands	0.019	0.00	0.00	0.019	0.02
34.	Dadra & Nagar Haveli	0.015	0.001	0.00	0.016	0.02
35.	Daman & Diu	0.008	0.00	0.00	0.008	0.01
36.	Lakshadweep	0.002	0.00	0.00	0.002	0.003
	Total	63.053	0.331	0.005	63.388	-
	Shares in percentage (%)	99.46	0.52	0.007	-	-

Source: MSME Annual Report 2019-20.

Table 4 indicated the distribution of total numbers of MSMEs in India, based on the data it has shown that Uttar Pradesh becomes the highest contributor of MSME units which is 8.999 million (14.19 per cent) of shares, out of which 8.963 million micro-units and 0.036 million Small units available, whereas, West Bengal becomes second highest MSME units provider which is 8.867 million (13.99 per cent), in this 8.841 million micro, 0.026 million small and 0.001 million medium units exist. Tamil Nadu is ranked third highest contributor, which is 4.948 million (7.81 per cent), among all of these 4.927 million micro and 0.021 million small enterprises available. However, Maharashtra is ranked in fourth position, which is 4.778 million (7.53 per cent), in that 4.761 million micro, 0.017 million small units exist. On the other hand, Karnataka becomes the fifth position i.e. 3.834 million (6.04 per cent) out of these 3.825 million micro and 0.009 million small units available. The next state is Bihar

becomes the sixth rank, which is 3.446 million (5.43 per cent), among these 3.441 million micro and 0.004 million small enterprises exist in this state. Additionally, the next state is Andhra Pradesh, which becomes 7th position, which is 3.387 million (5.34 per cent) and 3.374 million micro and 0.013 million small units exist. The 8th rank holder state is Gujarat, which is 3.316 million (5.23 per cent), out of which 3.266 million micro-units and 0.05 million Small units are available. Whereas, Rajasthan becomes the ninth position, which is 2.687 million (4.22 per cent), out of which 2.665 million micro-units, 0.02 million Small units and 0.001 million medium units are available. Besides, Madhya Pradesh is ranked 10th position, i.e. 2.674 million (4.21 per cent) in which 2.642 million micro-units, 0.032 million Small units and 0.001 million Medium units exist. Moreover, other states/UTs also contribute 16.451 million (25.97 per cent) to the MSME sector for the economic development of India and the major shares are contributed by micro units which are 16.345 million, small units 0.104 million and medium units 0.002 million.

Keeping in view the present scenario stated that most of the states in India invested in micro and small units because of low investment. However, the shares of investment in medium units are very low because of the high investment and high risk. In another view, the tabulation data shows that the existence of micro-units is comparatively higher than the other units in every state of India. However, overall, Uttar Pradesh and West Bengal have contributed large shares of enterprises.

Table 5: Estimated shares of Enterprises (based on Activity) (numbers in millions)

Areas & category	Trade	Manufacturing	Other Services	Total	Shares in %
Urban	12.164	8.250	10.485	30.899	48.75
Rural	10.875	11.414	10.200	32.489	51.25
Total	23.039	19.664	20.685	63.388	100
Shares in %	36.34	31.02	32.64	100	-

Source: MSME Annual Report 2019-20.

Table 5 depicts the percentage of distribution of MSME in terms of nature of activity-wise in urban and rural areas of India. From the table, it has been observed that the MSME sector has been divided mainly into two sectors manufacturing and trade Sectors, among these, the trade sector contributes higher composition than the other sectors of MSME units. The trade sector shares 23.039 million (36.34 per cent), whereas the manufacturing sector contributes 19.664 million (31.02 per cent) and the other service sector shares 20.685 million (32.64 per cent). On the other hand, rural areas contributed more than urban areas. The rural area shares 32.489 million (51.25 per cent) and the urban areas contribute 30.899 million (48.75 per cent) of the MSME sector in India.

Table 6: Distribution and shares of Employment in State/ UT's

Rank	Name of the States/UTs	Numbers of Employment (in millions)				Total employment	Shares in percentage (%)
		Male	Shares in percentage (%)	Female	Shares in percentage (%)		
1.	Uttar Pradesh	13.792	16.32	2.727	10.29	16.519	14.89
2.	West Bengal	9.195	10.88	4.351	16.42	13.546	12.20
3.	Tamil Nadu	6.445	7.63	3.227	12.18	9.672	8.72

4.	Maharashtra	7.277	8.61	1.797	6.78	9.074	8.17
5.	Karnataka	5.111	6.05	1.973	7.44	7.084	6.38
6.	Gujarat	4.744	5.61	1.371	5.17	6.115	5.52
7.	Andhra Pradesh	3.498	4.14	2.101	7.93	5.599	5.04
8.	Bihar	4.826	5.71	0.479	1.80	5.305	4.79
9.	Madhya Pradesh	3.861	4.57	1.013	3.82	4.874	4.39
10.	Rajasthan	3.831	4.53	0.801	3.02	4.632	4.17
	Total top ten states	62.58	74.08	19.84	74.90	82.42	74.27
	Other states/ UT's	21.888	25.92	6.652	25.10	28.54	25.73
	All total	84.468	-	26.492	-	110.96	-
14.	Shares in percentage (%)	76.12	100	23.88	100		100

Source: MSME Annual Report 2019-20.

Table 6 described the employment profile of the MSME sector and the demographic distribution of the male and female categories of India. From the data, it has been observed that Uttar Pradesh, West Bengal and Tamil Nadu are in the top three lists respectively in the generation of employment. Moreover, the male category, contributed 84.468 million (76.12 per cent) and the female category, which is 26.492 million (23.88 per cent). So, the male category contributes more than the female category in MSME units. In addition, the state of Uttar Pradesh has created 16.519 million (14.88 per cent) which is the highest employment, out of which 13.792 million (16.32 per cent) are male and 2.727 million (10.29 per cent) are female. The second highest contributor of employment is West Bengal which is 13.546 million (12.20 per cent), out of which 9.195 million (10.88 per cent) are male and 4.351 million (16.42 per cent) are female. The third highest contributor of employment category is Tamil Nadu has created 9.672 million (8.7 per cent), out of these 6.445 million (7.63 per cent) are male and 3.227 million (12.18 per cent) are female. The fourth highest contributor in employment profile is Maharashtra which is 9.074 million (8.17 per cent), out of which male is 7.277 million (8.61 per cent) and female is 1.797 million (6.78 per cent). Whereas, the fifth highest contributor of employment is Karnataka 7.084 million (6.38 per cent) out of which, male contributor is 5.111 million (6.05 per cent) and the female contributor is 1.973 million (7.44 per cent). However, the sixth-highest contributor of employment is Gujarat 6.115 million (5.51 per cent), out of which male and female contributors are 4.744 million (5.61 per cent) and 1.371 million (5.17 per cent) respectively. In this profile, the seventh-highest contributor is Andhra Pradesh 5.599 million (5.04 per cent), out of which male and female contributors are 3.498 million (4.14 per cent) and 2.101 million (7.93 per cent) respectively. The eighth highest contributor is Bihar, 5.305 million (4.78 per cent), out of which male and female contributors are 4.826 million (5.71 per cent) and 0.479 million (1.80 per cent) respectively. On the other hand, Madhya Pradesh has recorded in the 9th position, which is 4.874 million (4.39 per cent) out of which male and female shares are 3.861 million (4.57 per cent) and 1.013 million (3.82 per cent) respectively. Whereas, among all top ten contributors in the employment profile, 10th position is recorded by Rajasthan, which is 4.632 million

(4.17 per cent), out of which male and female contributors are 3.831 million (4.53 per cent) and 0.801 million (3.02 per cent) respectively. Other states/ UTs also contribute to generate employment in this sector, i.e. total 28.54 million (25.73 per cent), out of which, 21.888 million (25.92 per cent) created by the male category and 6.652 million (25.10 per cent) by the female category in MSME units.

Table 7: Estimated shares of Employees (based on category)

Categorical wise shares of the percentage of employees (numbers in millions)					
Name of Category	Micro Enterprises	Small Enterprises	Medium Enterprises	Total	Shares in %
Urban	58.674	2.406	0.115	61.195	55.15
Rural	48.930	0.775	0.060	49.765	44.85
Total	107.604	3.181	0.175	110.96	100
Shares in %	96.98	2.87	0.15	100	-

Source: MSME Annual Report 2019-20.

Table 7 indicated the composite employment profile, as per the categorical enterprises and area wise employment generation of MSMEs in India. From the data it is evident that micro-enterprises contribute the highest percentage of employment share among all the MSME units. However, in the categorical wise data micro-enterprises shares 107.604 million (96.98 per cent) of employment, in small units generate 3.181 million (2.87 per cent), whereas, a very less number of medium units which is 0.175 million (0.15 per cent) shares employment in MSME sector. On the other hand, urban areas perform higher than rural areas in employment generation profile, in this urban area 61.195 million (55.15 per cent) create employment and rural area creates employment 49.765 million (44.85 per cent).

Table 8: MSME's contribution to Country's Economy as per current prices

MSME's contribution to the Country's Economy: (numbers in billions)						
Year	GVA of MSME	Percentage (%) of growth	Total GVA	Percentage (%) of shares of MSME in GVA	Total GDP	Shares in % of MSME in GDP
2011-12	25832.63	-	81069.46	31.86	87363.29	29.57
2012-13	29776.23	15.27	92026.92	32.36	99440.13	29.94
2013-14	33430.09	12.27	103631.53	32.26	112335.22	29.76
2014-15	36581.96	9.43	114817.94	31.86	124679.59	29.34
2015-16	3936788	7.61	124586.42	31.60	137718.74	29.48
2016-17	45021.29	14.36	139652.00	32.23	153916.69	29.25
2017-18	50864.93	12.98	155131.22	32.78	170983.04	29.75
2018-19	57417.65	12.88	171399.62	33.49	189712.37	30.27

Source: i) Compiled from MSME Annual Report 2017-18,

ii) MSME Annual Report 2020-21.

Table 8 depicted the contribution of GDP and GVA by the MSME sector and their percentage of growth, from FY 2011-12 to FY 2018-19. The data shows that FY 2012-13 contributed the highest shares, i.e. 29776.23 billion (15.27 per cent) in GVA by MSME sector and total GVA is 92026.92 billion (32.36 per cent) and the contribution in GDP by MSME sector, i.e. 99440.13 billion (29.94 per cent). The base year is selected for this

dimension is 2011-12, in this financial year, the contribution of MSMEs in GVA is 25832.63 billion, the total GVA is 81069.46 billion and the contribution of MSMEs in GDP is 87363.29 billion (29.57 per cent). Whereas, in 2013-14 defines the GVA of MSME is 33430.09 billion (12.27 per cent), the total GVA is 103631.53 billion (32.26 per cent) and the GDP is 112335.22 billion (29.76 per cent). However, based on FY 2014-15 indicated that GVA of MSME is 36581.96 billion (9.43 per cent), the total GVA is 114817.94 billion (31.86 per cent) and the contribution of MSME in GDP is 124679.59 billion (29.34 per cent). In addition, as per FY 2015-16 expressed that the contribution of MSME in GVA is 39367.88 billion (7.61 per cent), total GVA is 124586.42 billion (31.60 per cent) and the MSME sector has contributed to the GDP of the country is 137718.74 billion (29.48 per cent). According to the FY 2016-17 described that MSME's shares in GVA are 45021.29 billion (14.36 per cent), total GVA is 139652.00 billion (32.23 per cent) and the shares of MSME in GDP is 153916.69 (29.25 per cent). Besides this, as per the FY 2017-18 depicted that the contribution of MSME in GVA is 50864.93 (12.98 per cent), the total GVA in the MSME sector is 155131.22 billion (32.78 per cent) and the distribution by MSME in GDP of the country is 170983.04 billion (29.75 per cent). At last, based on the FY 2018-19 refers that the distribution of GVA in MSME sector is 57417.65 billion (12.88 per cent), total GVA in the MSME sector is 171399.62 billion (33.49 per cent) and the contribution of the MSME sector to GDP is 189712.37 billion (30.27 per cent).

Conclusion:

Based on the above discussion, it has been revealed that in terms of number of MSME units and employment generation, Uttar Pradesh contributed highest shares, followed by West Bengal and Tamil Nadu became second and third positions respectively among all the State/UTs of India. In addition, among all the MSME units, micro units contributed more than other units and as per the location wise of MSME sector, most of the units are established in rural areas and in category-wise, the service sector provides comparatively higher shares than manufacturing units. Moreover, as per the employment profile in gender category, most numbers of employees are from the male category and the maximum numbers of employees are working in micro-enterprises. However, in maximum numbers of states, the urban areas have constituted a higher percentage of employment than rural areas. This study also revealed that the contribution of female workers is much higher in West Bengal and Tamil Nadu states than the other states and UTs of India. In the overall numbers of MSME units and employment generation, the maximum percentage fulfilled by the top ten states and less contribution provided by the other states and UTs in India.

India is a developing country, so large numbers of micro and small (MSE) units are established nationwide. In addition, this study also revealed that Gross Value Added (GVA) and Gross Domestic Product (GDP) by the MSME sector have been found to fluctuate in different years for the development of the Indian economy.

The goal of this study is to look into the profile of MSME units in India. The findings of this study may not apply to other countries because it was limited to MSME units in India. The secondary data was gathered from a variety of sources and the information's credibility is determined by the information's sources. Because of time and resource constraints, the current study could not be completely free of flaws. In addition, India has fewer large industries; the national economy is growing because of micro and small businesses. The state

government also develops industrial policies regularly to fulfil the needs of the state's entrepreneurs.

References:

1. Abdullahi, Z. T., Abdullahi, T., & Adamu, Y. (2018). Impact of Micro Small and Medium Enterprises (MSMEs) on Economic Growth of Nigeria: 1999-2017. *Journal of Economics (JOS)*, 7 (2), 181-199.
2. Daizova, J., & Sharma, L. S. (2014). Micro Small and Medium Enterprises (MSMEs) in Mizoram: An Overview. *European Academic Research*, 2 (9), 11673-11691.
3. Eze, T. C., & Okpala, C. S. (2015). Quantitative Analysis of the Impact of Small and Medium Scale Enterprises on the Growth of Nigerian Economy: (1993-2011). *International Journal of Development and Emerging Economics*, 3(1), 26–38.
4. Ministry of Micro Small and Medium Enterprises. (2017). Annual Report 2016-17. New Delhi: Govt. of India.
5. Ministry of Micro Small and Medium Enterprises. (2018). Annual Report 2017-18. New Delhi: Government of India.
6. Ministry of Micro Small and Medium Enterprises. (2019). Annual Report 2018-19. New Delhi: Government of India.
7. Ministry of Micro Small and Medium Enterprises. (2020). Annual Report 2019-20. New Delhi: Government of India.
8. Ministry of Statistics and Programme Implementation. (2019). 7th Economic Census. New Delhi: Government of India.
9. Mishra, M., & Padhi, P. K. (2012). The Impact of MSMEs of India's Economic Development: A pragmatic Analysis. *Pacific Business Review International*, 5 (4), 117 - 124.
10. Rajaiah, K., & Shivasankar, P. (2013). Role of Micro Small and Medium Enterprises in Economic Development of Chittor district. (Ph.D Thesis) Kavali: Vikrama Simhapuri University PG centre.
11. Satpathy, S., Rani, S., & Nagajyothi, M. (2017). A Study of Micro, Small and Medium Enterprises: the Backbone for Economic Development of Indian Economy. *International Journal of Research and Scientific Innovation*, 4 (6), 76-78.
12. Sharma, M., & Varshney, P. (2013). Role of Micro Small and Medium Enterprises (MSME) in India. (Ph.D Thesis) Rampur: Govt. Raja P.G College.
13. Surjan, S., & Srivastava, S. (2021). Evaluative Study of Micro Small and Medium Enterprises in Madhya Pradesh. (Ph.D Thesis) Guna: Jaypee University of Engineering and Technology.
14. Suhaili, M., & Sugiharsono. (2019). Role of MSME in Absorbing Labor and Contribution to GDP. *Economics Development Analysis Journal*, 8 (3), 301-315.
15. Usman, F. I., & Tahir, F. A. (2018). Factors Influencing Performances of MSME in Borno State, Nigeria: An Exploratory Study. *Australian Journal of Business and Management Research*, 5 (9), 26-33.
16. Virk, S. K., & Negi, P. (2019). An Overview of MSME Sector in India with Special Reference to the State of Uttarakhand. *International Journal of Trend in Scientific Research and Development*, Volume-3(Issue-2), 891–896. <https://doi.org/10.31142/ijtsrd21520>
17. Weldelassie, H. A., Vermaack, C., Kristos, K., Minwuyelet, L., Tsegay, M., Tekola, N. H., & Gidey, Y. (2019). Contributions of Micro, Small and Medium Enterprises (MSMEs) to Income Generation, Employment and GDP: Case Study Ethiopia. In *Journal*

- of Sustainable Development 12 (3). <https://doi.org/10.5539/jsd.v12n3p46>
18. World Bank Group Support for Small and Medium Enterprises. (2019). World Bank Group Support for Small and Medium Enterprises. <https://doi.org/10.1596/32536>
 19. Yahaya, H. D., Geidam, M. M., & Usman, M. U. (2016). The Role of Micro Small and Medium Enterprises in the Economic Development of Nijeria. *Journal of Advance Management and Accounting Research*, 3 (4), 1-18.