

The Role of MSME in Employment Generation in Tirunelveli City

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Abstract: *The Micro, Small, and Medium Enterprises (MSME) sector has emerged as a significant contributor to economic growth and employment generation in India. This research paper aims to investigate and analyze the role of the MSME sector in employment generation in India. The study examines the current status of the MSME sector, identifies the factors influencing employment generation, explores the challenges faced by the sector, and suggests policy measures to enhance its contribution to employment. This paper is based on primary data from 135 respondents. Structured questionnaires were conducted with MSME owners, employees, local industry experts, and government officials to gather first hand insights into employment trends, recruitment practices, skill requirements, and labour challenges. The paper concludes by recommending strategies for promoting the growth of the MSME sector, including facilitating access to credit, improving infrastructure, streamlining regulations, and promoting skill development initiatives.*

Keywords: Sustainability, Labour, Employment, MSMEs

I. INTRODUCTION

The Micro, Small, and Medium Enterprises (MSME) sector is a vital component of the Indian economy, contributing significantly to employment generation, economic growth, and poverty alleviation. The MSME sector comprises a wide range of enterprises, including microenterprises, small enterprises, and medium-sized enterprises, which play a crucial role in driving innovation, fostering entrepreneurship, and promoting inclusive development. India, with its vast population and diverse economy, faces the challenge of providing employment opportunities to its growing workforce. The MSME sector has emerged as a key solution to address this challenge by creating jobs in both urban and rural areas. It has the potential to absorb labor and reduce unemployment by offering opportunities for self-employment and livelihood generation.

This paper aims to explore how the MSME sector has contributed to society and creation of jobs and employment. The MSME sector has covered various domains of the industry to produce and render goods and services, and extensive studies have shown how MSMEs remarkably contribute to the Indian economy. India's Micro Small and Medium Enterprises are important to the Indian economy. Industry provides 30% of the GDP and 45% of all manufactured output, according to the MSME Businesses (2018). Over 110 million people are employed in the sector, is also contributes to 40% of India's exports. The MSME sector is an important part of the national economy, making a major contribution to GDP, job creation, and general economic expansion. Yet, the industry has several difficulties that impede its growth and development, such as restricted access to financing, weak infrastructure, and inadequate technological adoption.

II. REVIEW OF LITERATURE

Ramavat Vaijayanti (2015) studied the issues of SSIs in the period of worldwide economy an endeavor is likewise made to recognize the components influencing SSIs. The study attempts to give proposals on with respect to problems. The Small Scale Industries in India has today turned into a development motor for the economy, contributing generously to increment in the GDP, work and fares. This segment has kept on expanding its commitment in India's financial advancement. It is assessed that regarding esteem, the SSI area alone constitutes 40 percent offer of the esteem included



assembling segment and 33% of national fares. So as to bestow greater imperativeness and development to small scale part, a different strategy proclamation has been declared for small, small and town endeavors on sixth August 1991..

Rupali Sharma and Zia Afroz (2015) dissected the development and improvement of the Indian MSME segment since the opening of the economy in 1991. It likewise investigates the present situation of MSMEs and the difficulties they confront like loaning, advertising, and permit raj issue. Miniaturized scale, Small and Medium Enterprises (MSMEs) assume a synergist part in the improvement procedure of most economies of any nation. Essentially, MSMEs shape the foundation of the Indian economy and have progressed toward becoming motor of financial development in India. Today, MSME possesses a critical position in Indian Economy System because of its exceptionally noteworthy and imperative commitment as far as yield, fares and business. The MSMEs are the greatest work supplier after horticulture, giving work to almost 32 million individuals.

Satish (2015), in his study, "Problems and Prospects of Indian Industries" find that, Micro, Small, and Medium industries have been playing an important role in Indian economy in terms of employment generation and growth. If remedial measures are taken in proper time and spirit the small scale sector will be able to utilize huge development potential available in the country and the SSI sector will prove itself as one of the most dynamic and vibrant sector of the economy of the country

STATEMENT OF THE PROBLEM

MSME Sector as a vital role for economic growth and employment generation, the Micro, Small and Medium Enterprises (MSME) sector continues to face significant challenges that limit its full potential in creating sustainable employment opportunities. MSMEs contribute substantially to GDP and employ a large portion of the labor force. However, issues such as limited access to finance, inadequate infrastructure, low technological adoption, skill shortages, and policy constraints often hinder their capacity to expand and absorb more workers. While government initiatives and development programs aim to strengthen the MSME sector, the actual impact of these efforts on employment creation remains uncertain. There is a need to assess how effectively MSMEs contribute to job creation across various sectors and regions, and to identify the factors that promote or constrain their employment-generating capacity. Therefore, this study seeks to examine the role of MSMEs in employment generation, investigate the challenges they face in expanding employment, and explore strategies that can enhance their contribution to inclusive and sustainable economic growth.

OBJECTIVES OF THE STUDY

- To study the role of MSMEs in employment generation in Tirunelveli city.
- To examine the challenges faced by MSME entrepreneurs in Tirunelveli.
- To know the socio-economic profile of the respondents.
- To evaluate the government support and financial assistance available for MSMEs.
- To suggest suitable measures to enhance the performance of MSMEs in employment generation.

III. RESEARCH METHODOLOGY

The sample size constituted to 135 respondents in Tirunelveli city. The data were collected from respondents to fill forms of questionnaire for collecting data. Most of the questions are based on five-points likert scale technique depending on the level of satisfaction.

IV. ANALYSIS OF DATA

TABLE 1: AGE WISE CLASSIFICATION

S.NO	AGE	NO OF RESPONDENTS	PERCENTAGE
1	Below-20	13	10
2	20-30 years	62	46
3	30-40 years	41	30
4	Above 45 years	19	14



	Total	135	100
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Source : Primary data

From the above table, it clears that out of 135 respondents, 10 percentage of the respondents are comes under the age group of below 20 years, 46 percentage of the respondents are belonging to the age group of 20-30 years, 30 percentage of the respondents are belonging to the age group of 30-40 years, 14 percentage of the respondents are come under the age group of above 45 years. Hence, we concluded that most of the respondents are belonging to the age group of 20-30 years.

Table 2: GENDER WISE CLASSIFICATION

S.NO	GENDER	NO OF RESPONDENTS	PERCENTAGE
1	Male	89	66
2	Female	46	34
	Total	135	100

Source: Primary data

From the above table 4.2, it reveals that, out of 135 respondents, 66 percentage of the respondents are male and 34 percentage of the respondents are female. Hence, we concluded that the majority of the respondents are male.

TABLE 3: RESIDENTIAL STATUS WISE CLASSIFICATION

S.NO	RESIDENTIAL STATUS	NO OF RESPONDENTS	PERCENTAGE
1	Rural	67	49
2	Semi urban	51	37
3	Urban	17	14
	Total	135	100

Source: Primary data

From the above table, it clear that out of 135 respondents, 49 percentage of the respondents live in rural area, 37 percentage of the respondents live in Semi urban area, 14 percentage of the respondents live in urban area Hence, we concluded that most of the respondents live in rural area.

Table 4: SATISFACTION OF MSME SCHEME

S.No	STATEMENTS	SA	A	N	DA	SDA	MEAN SCORE	RANK
1.	MSMEs provide better job opportunities for local people.	45	52	20	12	6	4.35	II
2.	The growth of MSMEs has improved the living standard of employees	40	55	22	10	8	4.28	IV
3.	MSMEs offer stable and long-term employment for many	38	50	25	14	8	4.17	V
4.	MSMEs play an important role in developing the local economy	52	46	18	12	7	4.40	I
5.	Government support and schemes for MSMEs have increased job creation	43	51	23	11	7	4.30	III

Source: Primary data

From the above table, the first rank got MSMEs to play an important role in developing the local with a mean score of 4.40, the second rank got MSMEs providing better job opportunities for local people with a mean score of 4.35, the third rank got Government support and schemes for MSMEs have increased job creation in the city with a mean score of 4.30, the fourth rank got the growth of MSMEs has improved the living standard of employees with a mean score of 4.28, the fifth rank got MSMEs offer stable and long-term employment for many people with a mean score of 4.17.

V. FINDINGS

According to age wise classification, majority of the respondents are belonging to the age group of 20- 30 years.



According to gender-wise classification, the majority of the respondents are male.

According to residential status wise classification, majority of the respondents live in rural area.

According to Satisfaction of MSME Scheme, first rank got MSMEs to play an important role in developing the local with a mean score of 4.40,

SUGGESTIONS

Government should provide financial support to MSMEs for expand employment opportunities.

Skill development programs conduct training programs to improve the skills of entrepreneur and make them more productive.

To Organize workshops to encourage more youth and women to establish MSMEs.

VI. CONCLUSION

In India MSME plays a vital role in developing countries almost 80% of employment is generated by the MSME sector it increases employment opportunities and boosts economic growth by contributing to the GDP and national income of a country it helps to alleviate the poverty in developing countries and through giving job opportunities with an opportunity of low investment in machines and capital for a businessman who operates a business at the lower level in rural or urban areas or give employment to unemployed people through MSMEs businesses it automatically boosts the economic development in India through employment and contributing to GDP and national income.

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