

A Study on Impact of MSMEs Job Creation in Tirunelveli City

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Abstract: *Micro, Small and Medium Enterprises (MSMEs) are a key driver of employment generation and regional development. This study focuses on the impact of MSME job creation in Tirunelveli city, highlighting their role in enhancing local livelihoods and economic stability. To identify the challenges faced by MSMEs in creating and sustaining employment opportunities. To examine the current employment trends within the MSME sector at regional and national levels Data collected from MSME owners, employees, and secondary sources reveal that the sector has significantly reduced unemployment and underemployment while creating opportunities for youth and women. Increased household income, skill development through practical training, and the growth of support services are notable outcomes. The presence of MSMEs has also strengthened local supply chains and promoted entrepreneurial culture. However, challenges such as limited credit access, infrastructure gaps, and inadequate market linkages restrict their full potential. Despite their positive impact, MSMEs in Tirunelveli face several challenges such as limited access to credit, inadequate infrastructure, skill gaps, and high competition from larger firms. The study also highlights the role of women-led enterprises and youth entrepreneurship in expanding job opportunities and fostering financial independence. The research emphasizes how MSMEs provide accessible and diverse employment, particularly for semi-skilled and unskilled workers, thereby reducing the dependency on agriculture and mitigating rural-to-urban migration pressures. The study suggests targeted interventions in financial support, vocational training, and infrastructure development to maximize the employment benefits of MSMEs and ensure sustainable, inclusive growth in Tirunelveli city.*

Keywords: MSMEs, Employment Generation, Economic Development, Small Enterprises, Entrepreneurship

I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of many developing and developed economies, including India. They play a critical role in driving economic growth, innovation, and employment generation. In a country like India, where unemployment and underemployment remain major challenges, MSMEs offer inclusive opportunities by employing a large segment of the population, especially in rural and semi-urban areas. The impact of MSMEs on job creation in Tirunelveli is particularly important to study, as it reflects how small-scale enterprises not only reduce unemployment but also promote regional development by utilizing local resources and catering to community needs. They absorb unskilled, semi-skilled, and skilled labor, thereby acting as a bridge between informal employment and organized sectors.

II. REVIEW LITERATURE

Anu Kumari (2024) analyzed "India's MSME Sector: A Comprehensive Review of Challenges and Opportunities." The paper reviews the status of MSMEs in India, looking at their contributions to GDP, employment, output, and registered units, and highlights problems such as lack of finance/credit, infrastructure deficits, inadequate technology, complex regulation, and weak human resource capabilities. For statistical tools, the study uses secondary data spanning 2000-01 to 2014-15, employs tables, CAGR (Compound Annual Growth Rate), and growth-trend analysis for variables like number of working enterprises, employment, fixed asset investment, and gross output.



Naveen Kumar Mahto, (2024) the entitled “A Study on Impact of MSMEs on Job Creation in the Indian Economy” Micro, Small, and Medium Enterprises (MSMEs) have emerged as a cornerstone of the Indian economy, playing a pivotal role in driving economic growth and creating employment opportunities. To review the performance and opportunities of MSMEs. To examine the present condition and development of MSMEs in India. The statistical method primarily used in the provided table is descriptive statistics, specifically the use of frequency distribution and percentage calculation. **Dr. Gyan Prakash and Rashmi Pathak,(2024)**, the paper ”Role of MSMEs in Employment Generation in India” The Micro Small Medium and Enterprise Development Act 2006 addressed the problems and challenges faced by MSMEs policy and it covered investment amounts and turnover amounts of manufacturing and service sectors. To study the relationship between employment generation and contribution to GDP. To compare the role of MSMEs in employment generation between rural and urban areas. 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.

OBJECTIVES:

1. To analyze the role of MSMEs in employment generation across various sectors in the economy.
2. To identify the challenges faced by MSMEs in creating and sustaining employment opportunities.
3. To assess the impact of government policies and schemes on job creation in the MSME sector.

STATEMENT OF PROBLEM:

In Tirunelveli many MSMEs operate in traditional sectors such as textiles, food processing, construction materials, and service-based enterprises. While they provide employment opportunities, questions remain regarding the *scale, sustainability, and quality of jobs created*. Moreover, with rising urban unemployment and underemployment, it becomes crucial to examine whether the growth of MSMEs is effectively translating into substantial and stable job creation in the region.

III. RESEARCH METHODOLOGY

The sample size for the study constituted to 117 respondents in Tirunelveli city. The data were collected from respondents to fill forms .Questionnaire were prepared for collecting data. Most of the questions are based on five-point likert scale technique depending on the level of satisfaction. Both primary and secondary data were collected.

IV. ANALYSIS

PERCENTAGE ANALYSIS:

AWARE OF GOVERNMENT SCHEMES

S.NO	SCHEMES ACCESSED	NO OF RESPONDENTS	PERCENTAGE
1	Credit/loan schemes	13	11
2	Skill development/training programs	40	34
3	Subsidies/grants	26	22
4	Digital/technology support schemes	30	26
5	Other	8	7
	Total	117	100

Source: Primary data

From the above Table , it is observed that out of 117 respondents, 11 percent from credit or loan schemes, 34 percent of the respondents have accessed skill development or training programs, 22 percent from subsidies or grants, 26 percent have benefited from digital or technology support schemes, while 7 percent accessed other schemes, his shows that a majority of the respondents have some level of knowledge regarding the schemes available for their benefit.it is noted that 34 percent of the respondents have accessed skill development or training programs.



SECTOR OF OPERATION

S.NO	SECTOR	NO OF RESPONDENTS	PERCENTAGE
1	Manufacturing	46	39
2	Services	33	28
3	Trading	29	25
4	Other	09	8
	Total	117	100

Source: Primary data

From the above Table, it is observed that out of 117 respondents, 39 Percentage respondents are Manufacturing, 28 Percentage on Services, 25 Percentage of Trading, and 8 Percentage of the respondents are other Sector. Hence, it is concluded that Majority of respondents are 39 Percentage of Manufacturing.

FACTORS LIMIT YOUR ENTERPRISE'S:

S.NO	Statement	Agree	Strongly agree	neutral	disagree	Strongly disagree	Total	Mean score	Rank
1	Access to finance	50 (250)	24 (96)	18 (54)	12 (24)	13 (13)	117	3.7	I
2	Lack of skilled manpower	17 (85)	19 (76)	36 (108)	24 (48)	21 (21)	117	2.8	III
3	High cost of raw materials	11 (55)	21 (84)	28 (84)	26 (52)	31 (31)	117	2.6	V
4	Government regulations/taxes	14 (70)	26 (104)	17 (51)	36 (72)	24 (24)	117	2.7	IV
5	Access to markets	25 (125)	27 (108)	18 (54)	19 (38)	28 (28)	117	3.0	II
	Total	117	117	117	117	117	117		

Source: Computed data

From the above Table, it reveals that out of 117 respondents, Access to finance was ranked first with the mean score value of 3.7, Access to markets in second rank with the mean score value of 3.0, Lack of skilled manpower the third rank with the mean score value of 2.8, Government regulation/taxes in fourth rank with the mean score value of 2.7 and High cost of raw materials in fifth rank with the mean score of 2.6. Majority of respondents face the problem of limited finance

V. FINDINGS:

According to schemes accessed, majority 34 percentage of the respondents are says that training and digital support are the most commonly utilized schemes.

According to types of enterprises, majority 50 percentage of the respondents are from micro enterprise.

According to factors limit your enterprises, majority 3.7 mean score of the respondents are says that face the problem of limited finance.

SUGGESTIONS:

The government should provide easier and quicker access to finance to help MSMEs expand their operations and generate more employment.

Awareness programs must be conducted regularly to educate entrepreneurs about various government schemes and financial supports available to MSMEs.

Skill development and vocational training programs should be strengthened to meet industry-specific needs and enhance employability.



VI. CONCLUSION

The study on the impact of MSMEs on job creation in Tirunelveli city clearly shows that MSMEs play a vital role in generating employment and supporting local economic growth. The sector has provided opportunities for both skilled and unskilled workers, particularly benefiting women and rural residents. Most enterprises in the region belong to the micro category, with a strong presence in the manufacturing sector. The findings highlight that MSMEs are not only creating jobs but also encouraging entrepreneurship and skill development. However, challenges such as limited access to finance, technology gaps, and infrastructure issues still restrict their full potential. Strengthening financial support, improving training facilities, and promoting digital transformation can further enhance the role of MSMEs in sustainable job creation and regional development in Tirunelveli city.

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