



## EMPLOYMENT GENERATION THROUGH MICRO, SMALL AND MEDIUM ENTERPRISES IN ANANTAPURAMU DISTRICT OF ANDHRA PRADESH

**K. Krishnaiah\* Dr. K. Thulasi Naik\*\***

*\*Research Scholar, Dept. of Economics and Applied Economics, S.K. University, Anantapuramu.*

*\*\*Professor, Dept. of Economics and Applied Economics, S.K. University, Anantapuramu.*

### **Abstract**

*The industrial sector which possesses a relatively high marginal propensity to save and invest contributes significantly to the eventually achievement of a self-sustaining economy with continued high levels of investment and rapid rate of increase in income and industrial employment. Besides, the process of industrialization is associated with the development of mechanical knowledge, attitudes and skills of industrial work, with experience of industrial management and with other attributes of a modern society which in turn are beneficial to the growth of productivity in agriculture, trade, distribution and other related sectors of the economy. As a consequence of these factors, any successful transfer of labour from agriculture to industry soon contributes to economic development. Industrialization is thus, inseparable from substantial, sustained economic development because it is both a consequence of higher incomes and a means of higher productivity<sup>1</sup>. Industrialization acts as an instrument both of creating capacity to absorb excess labour power and catering for the diversification of the market require at higher stages of economic development. The present study focusing on employment generation through MSMEs in Anantapuramu district of Andhra Pradesh.*

### **Introduction**

India is one of the fastest industrially developing countries across the globe. Industrialization is said to be the best solution to many Indian problems such as alarming population, growing unemployment, low rate of per capita income, illiteracy, socio-economic disparities among the people, regional imbalances, high level of poverty, standard of living of the people. Recognizing these realities, the policy-makers of India paid much attention for the promotion and development of industrial sector starting from the second five year plan onwards. Industrial policies starting from 1948, 1956, 1977, 1991 and subsequent special policy-measures during five-year plans, institutional policy initiatives from time-to-time also led for the development of industrial sector. Above all, India has achieved a spectacular growth in the fields of science, information technology and communication, and growth of manufacturing sector. Thus, today India has emerged as the fastest growing economies of the world both in the public and private sectors. This sector provides employment to the extent of 23.79 per cent to total work-force, (2017), contributing to Indian economy to the tune of 31 per cent to India's GDP and 53 per cent to service sector, and earning foreign income in US 303.5 dollar billions and registered the industrial growth rate to the extent of eight per cent.

The industrial sector which possesses a relatively high marginal propensity to save and invest contributes significantly to the eventually achievement of a self-sustaining economy with continued high levels of investment and rapid rate of increase in income and industrial employment. Besides, the process of industrialization is associated with the development of mechanical knowledge, attitudes and skills of industrial work, with experience of industrial management and with other attributes of a modern society which in turn are beneficial to the growth of productivity in agriculture, trade, distribution and other related sectors of the economy. As a consequence of these factors, any successful transfer of labour from agriculture to industry soon contributes to economic development. Industrialization is thus, inseparable from substantial, sustained economic development because it is both a consequence of higher incomes and a means of higher productivity<sup>1</sup>. Industrialization acts as an instrument both of creating capacity to absorb excess labour power and catering for the diversification of the market require at higher stages of economic development.

MSMEs: Concepts & Definitions



Ever since enactment of MSME Act, 2006 this sector has been emerged as highly vibrant and dynamic sector and it is considered as an engine of growth and development of the Indian economy, as it contributes to the Indian economy with a vast network of around 30 million units, creating employment about 70 million, manufacturing more than 6000 products, contributing about 45 per cent to manufacturing output and about 40 per cent of exports. Although 94 per cent of MSMEs are unregistered, the contribution of the sector to India's GDP has been growing consistently at 11.5 per cent a year, which is higher than the overall GDP growth of 8 per cent<sup>2</sup>. In brief, the MSME sector can be nursed and nurtured to ensure a positive transformation in the socio-economic conditions of marginalized sections of the Indian society.

(a) **Manufacturing Enterprises-** The enterprises engaged in the manufacture or production of goods relating to any industry specified in the first schedule of the Industries (Development and regulation) Act, 1951). The Manufacturing Enterprise is **defined in terms of investment in Plant & Machinery.**

(b) **Service Enterprises:** The enterprises engaged in providing or rendering of services and are **defined in terms of investment in equipment .**

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified, vide S.O. 1642(E) dtd.29-09-2006 are as under:

**Table 1,Details of conceptual definitions of MSMEs**

<b>Manufacturing Sector</b>	
<b>Enterprises</b>	<b>Investment in plant &amp; machinery</b>
Micro Enterprises	Does not exceed Rs. 25 Lakh
Small Enterprises	More than Rs. 25 Lakh but does not exceed Rs.5 crore.
Medium Enterprises	More than Rs. 5 crore but does not exceed Rs. 10 crore.
<b>Service Sector</b>	
<b>Enterprises</b>	<b>Investment in equipments</b>
Micro Enterprises	Does not exceed Rs. 10 lakh.
Small Enterprises	More than Rs. 10 lakh but does not exceed Rs. 2 crore.
Medium Enterprises	More than Rs. 2 crore but does not exceed Rs. 5 core.

### **Importance of MSMEs in Development**

MSMEs (Micro, Small and Medium Enterprises) are treated as back bone of any country, since they create jobs, use local resources, skills, less capital intensive, simple and flexible technology adoption and can be replicated based on the need of the region. Ancillary units which support Mega industries are also MSMEs providing support services. They contribute to social justice & decentralization of economic activities. Concept of cluster development has been engine for fostering the growth of MSMEs and artisan sector. These clusters add value to the economic growth. Worldwide, MSMEs have been accepted as the local players of economic growth for promoting equitable development. The MSMEs constitute over 90 per cent of total enterprises in most of the economies and are credited in generating the highest rate of employment growth and account for a major share of industrial production and exports. In India too, the MSMEs play a pivotal role in the overall industrial economy



of the country. It is estimated that in terms of value, the sector accounts for about 45 per cent of the manufacturing output and around 40 per cent of the total export of the country. Further, in recent years the MSME sector has consistently been registered higher growth rate compared to the overall industrial sector. There are over 6000 products being manufactured by MSMEs. As per available statistics, this sector employs an estimated 1109.89 lakh persons spreaded in over 633.88 lakh enterprises and the labour intensity in the MSME sector is estimated to almost 4 times higher than the large enterprises<sup>5</sup>.

**Need for the study**

MSMEs has played a vital role in development of nation economy. Because of they effectively used availability of resources like sorroung natural resources, local people, machineries, materials etc. Hence, they provide large quantity of products, employment and highest share in nations economy. The present study focusing on employment generation through the Micro, Small and Medium Enterprises in Anantapuramu district of Andhra Pradesh.

**Objectives of the study**

1. To study the conceptual frame work of MSMEs in India
2. To reveals the importance of MSMEs in Rural areas
3. To analyse the MSMEs in the process of generating employment in Anantapuramu district.

**Sample design**

Anantapuramu is a drought prone area in Rayalaseema region of Andhra Pradesh. In this district, majority of the MSMEs are located in three areas like Tadipatri, Anantapuramu, Rayadugam and Hindupur. Hence, the research has selected three area based on population. The researcher has selected convenience sampling. 50 sample respondents were selected from each area. Altogether, 200 sample respondents were selected from the district.

**Data collection**

The present study is based on the both primary and secondary sources. The primary study has been collected from selected sample workers of MSMEs through the Interview-Schedule. And Secondary were also collected from various sources like dailies, books, journals and officials reports and websites.

**Table 2, Position wise classification of MSMEs workers in the Study**

S.No	Position	Frequency	Percentage to total
1	Accountant	15	07.50
2	Production/manufacturing	149	74.50
3	Purchasing/procuring	24	12.00
4	Marketing	12	06.00
	Total	200	100

Source: Primary data

The table reveals that the position of workers in various MSMEs in Anantapuramu district of Andhra Pradesh. It can be found from the above table that, majority of the sample workers are working manufacturing organization, it is represent 74.5 per cent, 12 per cent of the sample workers have been working in purchasing/procuring functional areas, 7.5 per cent of the sample respondents has been working in accounting section and rest of the sample respondents have been working in sales/marketing department and it represent 6 per cent only.

It can be concluded that majority of the sample respondents in the study area are working in manufacturing units of MSMEs.



**Table 3,Length of service of sample respondents as a MSMEs worker**

S.No	Service	Frequency	Percentage to total
1	<1 year	9	04.50
2	1-5 years	49	24.50
3	5-10 years	97	48.50
4	10-15 years	37	18.50
5	15 years and above	8	04.00
	Total	200	100

Source: Primary data

Experience is one of the most important factor for improving, enhancing skills & knowledge of a particular task/job/position in any organization. Whatever the experience will get by any individual his performance is going to be perfection. Hence, the researcher has put a question to the all sample MSMEs workers about the experience in these organization. The table depicted that workers experience in years as MSMEs works like less than one year, 1-5 years, 5-10 years, 11-15 years and above 15 years.

It is found that majority of the workers have been working in below 5-10 years and it represent 48.5 per cent, followed by 24.5 per cent (1-5 years), 18.5 per cent (11-15 years), 4.5 per cnet (less than 1 year) and 4 per cent (15 years and above) respectively.

**Table 4,Type of service of sample MSMEs workers in Anantapuramu**

S.No	Type of service	Frequency	Percentage to total
1	Permanent & confirmed	38	19.00
2	Contract	43	21.50
3	Temporary/ daily wage	119	59.50
	Total	200	100

Source: Primary data

The table shows that the type of service of workers in MSMEs in Anantapuramu district. It is found that nearly 60 per cent of the sample respondents (119 sample workers) out of 200, are working temporary/daily wages, 21.5 per cent of the workers are working in contract basis and rest of them, i.e., 19 per cent of the respondents are permanent/confirmed. Here, the researcher has found from the table analysis, majority of workers working as temporary/daily wages in MSMEs.

**Table 5, Opinion of respondents on MSMS are major source of employment**

S.No	Opinion	Frequency	Percentage to total
1	Strongly agree	15	07.50
2	Agree	149	74.50
3	Disagree	24	12.00
	Total	200	100

Source: Primary data

Employment is the one of the biggest problem in under developed countries like India. Which country have industrially developed, they have been providing large employment to the home and host country people. The researcher intended that whether MSMEs are major source and also creating large employment opportunities especially in India. Here, majority of the people are living in rural areas, so MSMEs are also located in rural



areas and effective utilizing local resources. In this direction, the researcher has put a statement “MSMEs are major source of employment” to the sample workers about the MSMEs.

The above table shows that the opinion were collected from the sample workers on said statement, analysed and presented 4. It can be found from the study that, 83 per cent of the sample respondents have stated that strongly agree, 10.5 per cent of the sample respondents have just agree, and rest of them have disagreed on said statement.

**Table 6,Opinion of respondents on MSMS are largest source of domestic employment**

S.No	Opinion	Frequency	Percentage to total
1	Strongly agree	181	90.50
2	Agree	19	09.50
3	Disagree	00	11.00
	Total	200	100

Source: Primary data

Liberalization, privatization and Globalization have negative impact on MSMEs in India, because of number of MNCs have been coming and providing goods & services with lowest cost through using latest technology. But, here there is no need to upgrade, because of highest labour force country. The MNCs have get more profit from the Indian customers. Indian customers have middle income group people, hence they will prefer to cheapest products. Based on this reason, Indian people have been depending foreign goods as a result, negative impact on domestic market and business organization by the LPG concept.

Against this background, the researcher put a statement to the all MSMEs workers ”MSMES are largest source of domestic employment”. Here, majority of the sample respondents have stated that, MSMEs have utilize local resources effectively, hence, all the sample respondents stated their opinion like strongly agree to agree.

**Table 7,Opinion of respondents on reduced unemployment problem by MSMS in Anantapuramu district**

S.No	Opinion	Frequency	Percentage to total
1	Strongly agree	134	67.00
2	Agree	43	21.50
3	Disagree	23	11.50
	Total	200	100

Source: Primary data

MSMEs have played a predominant role in nation economy through income generation, employment generation and provide goods and services within the country. The researcher sought the opinion from the sample MSMEs workers on “Reduce unemployment in India through the MSMEs”. The selected workers have opined that , 67 per cent of the sample respondents have strongly agreed, 21.5 per cent of the respondents have stated just agreed and rest of them opined disagreed on above statement.

It is clearly found from the analysis, majority of the sample workers stated positive opinion and only 11.5 per cent to the workers have not agreed the above statement because of those workers primary occupation is agriculture.



**Table 8,Opinion sought from MSME workers on creating job opportunity in rural areas by the MSMEs**

S.No	Opinion	Frequency	Percentage to total
1	Strongly agree	15	07.50
2	Agree	149	74.50
3	Disagree	24	12.00
	Total	200	100

Source: Primary data

India is predominantly a rural country with two third of population & 70 per cent of work force residing rural areas. Rural economy constitute 46 per cent of national income. The growth and development of rural economy is depends upon efficiency and skills people of the nation. The majority of the population primary occupation is agriculture. Unfortunately, Indian people have been migrating from agricultural sector to industrial sector.

In this regard, the researcher has put a statement like “MSMEs have created job opportunities in rural areas”. Based on this, the opinion were sought from the respondents, analysed and presented. It can be found from the table that 73 per cent of the sample MSMEs respondents stated that ‘strongly agreed’, 10 per cent of them have stated that just agreed, and rest of the sample respondents are not agreed on above statement.

**Table 9,MSMEs have eliminate poverty through employment**

S.No	Opinion	Frequency	Percentage to total
1	Strongly agree	147	73.50
2	Agree	41	20.50
3	Disagree	12	06.00
	Total	200	100

Source: Primary data

In developing countries like India, the government of central and state have been focusing on fulfill minimum needs of every citizen in the society. Majority of the population are living in rural areas and also below poverty line. Hence, the central and state government have been implementing number of poverty alleviation programme for eradication of poverty. In this direction the researcher has focusing on the MSMEs are one of the poverty eliminating activity through creating employment opportunities.

The present table shows that the opinion of the workers on the MSMEs activity have been eradicating poverty. The 73.5 per cent of the workers have stated that strongly agreed, 20.50 per cent of the respondents have just agreed, and only 6 per cent of the workers have disagreed.

### Conclusion

The present study found that, majority of the sample workers of MSMEs are working like temporary/daily wages. Because of there is no life security and safety. Hence, the workers will change one organization to another organization. It can be concluded that MSMEs have a significant impact on employment generation in the study area.

### References

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