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## **ROLE OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) IN THE DEVELOPMENT OF CHHATTISGARH**

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### **ABSTRACT**

MSMEs, or micro, small, and medium-sized enterprises, have been named the "growth engine" for all emerging nations, including India. MSMEs have contributed significantly to the general economic development of states like Chhattisgarh, where thousands of people are unemployed or underemployed and confront poverty-related difficulties. MSMEs, one of the largest employers in the state after agriculture, offer instant large-scale employment with low-cost investments and play an important role in the state economy.

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in driving economic development, fostering entrepreneurship, and promoting inclusive growth across India. As engines of innovation and employment, MSMEs contribute significantly to the country's GDP, exports, and industrial output. In the context of Chhattisgarh—a resource-rich, yet economically diverse state—MSMEs have emerged as a crucial force in transforming the rural and semi-urban economy, bridging income disparities, and creating sustainable livelihoods.

Chhattisgarh's strategic location, availability of natural resources, and policy incentives have facilitated the growth of a variety of MSME clusters in sectors such as agro-processing, textiles, engineering, and handicrafts. These enterprises not only support large-scale industries by forming part of the supply chain but also encourage local entrepreneurship and skill development. Despite their contribution, the sector continues to face challenges related to infrastructure, access to finance, market linkages, and regulatory hurdles.

This research paper aims to explore the role of MSMEs in the socio-economic development of Chhattisgarh, assessing their contribution to employment generation, regional development, and investment attraction. The study also seeks to identify key obstacles that hinder their growth and to propose policy recommendations for strengthening the MSME ecosystem in the state. The purpose of this research is to look at the growth and development of MSMEs in Chhattisgarh. The primary purpose of the research is to examine the employment opportunities provided by small scale units in the state's designated study zone. The majority of the information was gathered via a postal questionnaire and personal observation. According to the conclusions of this study, MSMEs are critical to Chhattisgarh's economic development. Using Microsoft Excel, the data was qualitatively analysed and presented in the form of tables and figures.

**Keywords: MSMEs, Employment Opportunities, Entrepreneurship Development.**

## **Introduction**

On October 2, 2006, the Micro, Small, and Medium Enterprise Development Act of 2006 came into effect, creating the Micro, Small, and Medium Enterprise sector. In addition to the MSMED Act, 2006, the Indian government has taken a number of other significant steps to support and develop India's traditional industries, such as coir, Khadi, and silk, as well as its small-scale service and business enterprises. These activities, as well as others not directly related to agriculture, require special attention. Small and medium-sized businesses (MSMEs) are essential for the growth of an area, the creation of new jobs, and the advancement of the economy. More than 90 percent of all enterprises are found in this sector, and it is credited with creating the most jobs and contributing significantly to industrial output and exports in most developing countries. It's also critical for the overall industrial sector in India. These are now more exposed than they have ever been to opportunities for growth and diversification across sectors. To name just a few, Chhattisgarh entrepreneurs are making substantial progress in the manufacturing, precision engineering design, engineering and metal base, textiles, chemical and associated industries, and food processing sectors. Over the last decade, MSMEs in Chhattisgarh have made significant strides toward industrialization. About 15.90 lakh industrial units (15.79 micro scale and 0.11 small and medium sizes) with a total investment of Rs. 3089.20 crores and 64530 people have been identified by the Department of Industries.

## **Review of Literature**

R. Lahiri (2012) MSMEs were defined, as well as the opportunities and problems that they face. Due to the multiple advantages that globalisation provides, MSMEs confront significant limitations in their growth. Small enterprises confront a variety of difficulties, including product standards and severe quality control, anti-dumping legislation, and subsidy reduction.

S. Mishra (2012) did study in to shed light on the function MSME play in the promotion of socially disadvantaged people and to emphasise MSMEs' position in the globalisation era. Small and medium-sized firms (SMEs) have a significant influence on the Indian economy, according to the study. MSMEs encourage rural development and decentralisation of economic power by assisting in the equal distribution of industries. MSMEs employ a huge number of people and have a significant influence on industrial production and exports, according to another finding.

Globalization and the characteristics of Indian MSMEs were investigated in a study by A. Deveshwar (2014), who looked at the influence of globalisation on the growth of MSMEs. Globalization has had a negative impact on the growth of MSMEs in terms of units, job creation, production, and export, according to the researcher's examination of numerous pre- and post-globalization development criteria. According to a recent survey, globalisation poses a severe danger to India's small and medium-sized companies (SMEs).

B.S. Khurud (2015) investigated MSMEs' exports and found that the removal of protective measures had an influence. According to the data, when the protective measures were lifted, MSMEs' exports grew faster than India's total exports. Globalisation has significantly hampered India's small and medium-sized businesses, according to the study. One is unfair competition from larger local and global businesses. As a

result of their lack of contemporary technology and administrative knowledge, MSMEs have higher overhead expenses.

S. Gade (2018), the MSMEs sector has contributed significantly to India's economic growth and has identified areas where further development is required. According to the author's research, MSMEs may have a favourable influence on the economy and its future prospects. MSMEs have been proved to be an efficient way to use India's enormous natural resources while also giving more equitable possibilities for development to the general populace.

S. Mukherejee (2018), both the government and companies need to do more to boost India's competitiveness in the MSMEs sector. According to the study, investing in R&D, technical innovation, and digitally enabled platforms, as well as human resources and financial inclusion, is one of the greatest strategies to reduce the infrastructure gap. Other ideas include lessening regulatory constraints on firms, boosting finance availability, and investing in human resources. If the aforementioned strategies are applied, the researcher thinks that Indian MSMEs would be better equipped to compete in the global market.

### Objectives of the Study

- To critically examine the current landscape of Micro, Small, and Medium Enterprises (MSMEs) in Chhattisgarh
- To analyse the MSMEs and its potential for attracting investment and generating employment opportunities.

### Research Methodology

The present study incorporates secondary sources of data. The secondary data was acquired from the Chhattisgarh Department of Industries and the Indian government's Ministry of Small and Medium Enterprises websites. A postal survey and talks with respondents were used to collect the main data. The data was presented in tables in order to assess the performance of MSMEs in India.

### Current Scenario of MSMEs in India

**Table 1: State wise Number of MSMEs Enterprises**

State	Estimated number of Enterprises (Number in Lakhs)			
	Micro	Small	Medium	MSME
Andhra Pradesh(AP)	33.27	0.13	0.00	33.87
Arunachal Pradesh(AR)	00.23	0.00	0.00	00.23
Assam(AS)	12.10	0.04	0.00	12.14
Bihar(BR)	34.42	0.04	0.00	34.46
Chhattisgarh(CH)	08.45	0.03	0.00	08.48
Delhi(DL)	09.25	0.11	0.00	9.36
Goa(GA)	00.70	0.00	0.00	00.7
Gujarat(GJ)	32.67	0.50	0.00	33.16

Haryana(HR)	09.53	0.17	0.00	09.7
Himachal Pradesh(HP)	03.86	0.06	0.00	03.92
Jammu & Kashmir(JK)	07.06	0.03	0.00	07.09
Jharkhand(JH)	15.79	0.11	0.00	15.90
Karnataka(KA)	38.24	0.10	0.00	38.34
Kerala(KL)	23.58	0.21	0.00	23.79
Madhya Pradesh(MP)	26.42	0.31	0.01	26.74
Maharashtra(MH)	47.60	0.17	0.00	47.78
Manipur(MN)	01.80	0.00	0.00	01.80
Meghalaya(ML)	01.12	0.00	0.00	01.12
Mizoram(MZ)	00.35	0.00	0.00	00.35
Nagaland(NL)	00.91	0.00	0.00	00.91
Odisha(OD)	19.80	0.04	0.00	19.84
Punjab(PB)	14.57	0.08	0.00	14.65
Rajasthan(RJ)	26.66	0.20	0.01	26.87
Sikkim(SK)	00.26	0.00	0.00	00.26
Tamil Nadu(TN)	49.27	0.21	0.00	49.48
Telangana(TA)	25.94	0.10	0.01	26.05
Tripura(TR)	02.10	0.01	0.00	2.11
Uttar Pradesh(UP)	89.64	0.36	0.00	89.99
Uttarakhand (UK)	04.14	0.02	0.00	4.17
West Bengal(WB)	88.41	0.26	0.01	88.67
Andaman and Nicobar Islands(AN)	00.19	0.00	0.00	00.19
Chandigarh(CD)	00.56	0.00	0.00	00.56
Dadra & Nagar Haveli(DN)	00.15	0.01	0.00	00.16
Daman & Diu(DD)	00.08	0.00	0.00	00.08
Lakshadweep(LP)	00.02	0.00	0.00	00.02
Puducherry(PY)	00.96	0.00	0.00	00.96
	630.10	3.31	0.05	633.9

Courtesy: Ministry of MSMEs, Gov. of India, NSS 73rd Round report

The expected number of MSME enterprises in each state is shown in the table below. Uttar Pradesh led the way with an expected 89 lakh MSMEs, followed by West Bengal with 88 lakhs, Tamil Nadu with 49.5 lakhs, and Maharashtra with 47.78 lakhs. Chhattisgarh has 15.90 lakh enterprises, which is just 2.5 percent of the country's total number of firms. Given the small proportion of total enterprises in the state, supporting the establishment of new firms under the MSME programme has enormous potential for creating employment and reducing regional disparities. Furthermore, little enterprises account for 99 percent of the 15.90 lakh registered firms. Only 10,000 small firms make up the total.

**Table 2: Gender and State wise Employment in the MSME Sector**

State/UT	Employment (Number in Lakhs)		
	Female	Male	Total
Andhra Pradesh(AP)	21.01	34.98	55.99
Arunachal Pradesh(AR)	00.12	0.29	0.41
Assam(AS)	01.78	16.37	18.15
Bihar(BR)	04.79	48.26	53.07

Chhattisgarh(CH)	04.07	12.79	16.86
Delhi(DL)	02.41	20.59	23.00
Goa(GA)	00.41	1.20	1.60
Gujarat(GJ)	13.71	47.44	61.16
Haryana(HR)	02.78	16.27	19.06
Himachal Pradesh(HP)	01.13	5.29	6.43
Jammu & Kashmir(JK)	01.50	9.37	10.88
Jharkhand(JH)	05.58	19.34	24.92
Karnataka(KA)	19.73	51.11	70.84
Kerala(KL)	13.78	30.85	44.64
Madhya Pradesh(MP)	10.13	38.61	48.80
Maharashtra(MH)	17.97	72.77	90.77
Manipur(MN)	01.40	1.52	2.92
Meghalaya (ML)	00.72	1.19	1.91
Mizoram(MZ)	00.28	0.34	0.62
Nagaland(NL)	00.59	1.18	1.77
Odisha(OD)	08.37	24.87	33.26
Punjab(PB)	04.24	20.55	24.80
Rajasthan(RJ)	08.01	38.31	46.33
Sikkim(SK)	00.14	0.31	0.45
Tamil Nadu(TN)	32.27	64.45	96.73
Telangana(TA)	15.24	24.91	40.16
Tripura(TR)	00.44	2.51	2.95
Uttar Pradesh(UP)	27.27	137.92	165.26
Uttarakhand (UK)	00.69	5.91	6.60
West Bengal(WB)	43.51	91.95	135.52
Andaman and Nicobar Islands(AN)	00.10	0.29	0.39
Chandigarh(CD)	00.12	1.17	1.29
Dadra & Nagar Haveli(DN)	00.07	0.29	0.36
Daman & Diu(DD)	00.02	0.12	0.14
Lakshadweep(LP)	00.01	0.02	0.03
Puducherry(PY)	00.57	1.27	1.84
	<b>264.96</b>	<b>844.68</b>	<b>1109.91</b>

Courtesy: Ministry of MSMEs, Gov. of India, NSS 73rd Round

MSMEs not only help to create huge numbers of employment at a cheaper cost of capital than big corporations, but they also help to industrialise rural and undeveloped areas and reduce gender inequities, providing a more equitable distribution of income and wealth. The table below shows the gender breakdown of employment in the MSME sector. With 14.9 percent of total employment created by MSMEs in India, Uttar Pradesh leads the way, followed by West Bengal with 12.2 percent and Tamil Nadu with 8.7 percent. The MSME industry employs 34.91 lakh people in Chhattisgarh, with female employment accounting for 22.36 percent of overall employment, somewhat lower than the national average of 23.86 percent.

**Table 3: Gender wise share of Employment in MSME Across States**

State/UT	Males	Females	All	Share of State in all the MSMEs with Male Owners (%)	Share of State in all the MSMEs with Female Owners (%)
West Bengal(WB)	5583138	2901324	8484462	11.52	23.42
Tamil Nadu(TN)	3441489	1285263	4726752	7.1	10.37
Telangana(TA)	1459622	972424	2432046	3.01	7.85
Karnataka(KA)	2684469	936905	3621374	5.54	7.56
Uttar Pradesh(UP)	8010932	862796	8873728	16.53	6.96
Andhra Pradesh(AP)	2160318	838033	2998351	4.46	6.76
Gujarat (GJ)	2375858	826640	3202499	4.90	6.67
Maharashtra(MH)	3798339	801197	4599536	7.84	6.47
Kerala(KL)	1637853	495962	2143816	3.40	4.00
Rajasthan(RJ)	2261127	380007	2641134	4.67	3.07
Madhya Pradesh(MP)	2275251	370427	2645678	4.7	2.99
Jharkhand(JH)	1250953	310388	1561341	2.58	2.51
Odisha(OD)	1567396	295460	1862856	3.24	2.38
Punjab(PB)	1183871	224185	1408056	2.44	1.81
Bihar(BR)	3239698	168347	3408044	6.69	1.36
Haryana(HR)	831644	98309	929953	1.72	0.79
Delhi(DL)	827234	86742	913977	1.71	0.7
Manipur(MN)	86383	86604	172987	0.18	0.7
Jammu & Kashmir(JK)	624056	74785	698841	1.29	0.60
Chhattisgarh(CH)	727203	71201	798403	1.50	0.57
Assam(AS)	1128411	66665	1195076	2.33	0.54

Courtesy: Ministry of MSMEs, Gov. of India, NSS 73rd Round

The percentage distribution of male and female owners in each state throughout the country is shown in the table below. West Bengal has the highest proportion of female business owners in the country (23.42%), followed by Tamil Nadu (10.57%) and Telangana (7.85%). Chhattisgarh ranks 11th in terms of female MSME owners, despite the fact that the percentage shares of male and female MSME entrepreneurs are close to 2.5 percent. Female entrepreneurs own twice as many small firms as men entrepreneurs in West Bengal. This illustrates that if Chhattisgarh is to fulfil its aim of increasing female entrepreneurship in the MSME sector, it must step up to the plate.

**Table 4: MSME Units Set Up in (Chhattisgarh under DIC) India**

Category	No of units Set Up	Investment in (Lakhs)	Employment
Paper and paper products	202	4029.00	1268
Electrical and electronics	507	10016.45	5261
Rubber and plastics	148	9381.57	2409
Livestock and leather	68	346.75	259

Food and allied	2210	41969.96	7333
Engineering and metal based	593	35294.64	10566
Textiles	940	4114.15	3026
Chemical and allied	60	2790.00	619
Glass and ceramics	163	3044.50	1100
Food allied	137	3793.42	1081
Repairing and services	2622	9503.40	9194
Miscellaneous Manufacturing	1168	97506.10	14286
Other	1400	87130.51	8128

*Courtesy: Department of Industry, Government of Chhattisgarh*

The District Enterprises Centre (DIC) was established to promote industrialisation, especially in the state's micro and small scale enterprises, as well as to implement different state and federal government MSME development programmes. The table below displays the contribution of various MSME units to employment and investment. Miscellaneous manufacturing, engineering and metal-based units, repairs and services, and food and allied units each account for around 22%, 16%, 14%, and 11% of total output, respectively. Food and associated businesses, as well as manufacturing, engineering, and metal-based businesses, have applied for the most money. In terms of the number of units created, repair services and food processing and allied fields are at the top of the list.

## Conclusion

Small, medium, and large enterprises are critical drivers of growth in many developing countries, contributing to job creation and economic development. According to the present trend, MSMEs will continue to be a source of job creation and economic growth in Chhattisgarh. They have emerged as a dynamic component of the economy due to their major contribution to employment, investment, and industrial production. The most important contribution of this business, however, is the production of employment. Recent experiences imply that employment in the MSME sector has been declining in recent years, despite rising unemployment in big corporations. In such a situation, the unorganised sector, which comprises small and medium firms as well as the service sector, bears the brunt of job creation. To compete in the long run and stay economically viable, the MSME sector must improve output and quality, cut costs, and innovates. In a market-driven economy, government policy should promote MSMEs by supporting them in enhancing their efficiency and competitiveness. However, in order to address the MSME sector's challenges, the government must make strategic decisions and implement honest policies. Small and medium businesses that are technologically advanced and internationally competitive should be encouraged to thrive in order to generate long-term income and employment. SME growth is the best alternative for Chhattisgarh's rural and urban regions. In order to do so, MSMEs must provide extra employment opportunities, especially in the state. MSMEs are becoming more important in the generation of employment.



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