

EMPLOYMENT GENERATION OF RAMANATHAPURAM DISTRICT THROUGH MSMEs

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ABSTRACT

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural and backward areas, thereby reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. The MSME's provide more employment generation. Employment generation is of paramount importance in our labour surplus and capital scarce of economy. The ministry of MSME shows continuous rise in the production, exports and employment. The Micro, Small and Medium Enterprises contribute around 8 per cent of the country's GDP, 45 per cent of the manufacturing output and 40 per cent of the exports.

KEYWORDS: MSME, Employment, Growth, Industries.

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play a significant role in the economic growth of the country owing to their contribution to production, exports and employment. The sector contributes 8 per cent to the country's GDP, 45 per cent to the manufactured output and 40 per cent to the country's exports. It provides employment to 60 million people through 28.5 million enterprises. Significantly, the MSME sector has maintained a higher growth rate vis-à-vis the overall industrial sector during the past decade. According to a survey, exports from these enterprises have been on the rise, despite increased cost of raw materials, sluggish global demand and stiff international competition. Today, the sector produces a wide range of products, from simple consumer goods to high-precision, sophisticated finished products. It has emerged as a major supplier of mass consumption goods as well as a producer of electronic and electrical

equipment and drugs and pharmaceuticals. An impetus to the sector is likely to have a multiplier impact on economic growth.

REVIEW OF LITERATURE

Subrahmanya bala, M.H. (2004) analyses the impact of globalization and domestic reforms on small-scale industries sector. The study stated that small industry had suffered in terms of growth of units, employment, output and exports. The Researcher highlighted that the policy changes had also thrown open new opportunities and markets for the small-scale industries sector. He suggested that the focus must be turned to technology development and strengthening of financial infrastructure in order to make Indian small industry internationally competitive and contribute to national income and employment.

Sudan, F. K. (2005) explained the challenges in Micro and Small Scale Enterprises Development and policy issues by arising different questions related to Micro and Small Enterprises. The study explained the meaning, advantages, problems and policy options of MSE sector. The study concluded that all the policies which were opted by GOI were the efforts to form a dynamic MSE sector and a diversified economy providing expanded employment opportunities to absorb all new labour force and offer exciting career opportunities.

STATEMENT OF PROBLEM

MSMEs have proved to be a vital element of growth in the economy and employment. Their contribution to employment generation has been well recognized. In order to maintain a competitive frame in the fast emerging new economic arena, and overcome various challenges in the domestic and international economies, MSMEs would need to be provided with suitable institutional capacity-building programmes. Against this backdrop, this study aims to evaluate the contributions made by the MSME sector in India, Tamilnadu and in particular Ramanathapuram district. Further the study has tried to identify both external and internal challenges, threats and opportunities faced by MSMEs in the Study area. The role of Governments and support institutions in the promotion and development of MSMEs has also been analyzed.

Ramanathapuram district is one of the back ward district in terms of all economic activities in Tamil Nadu. More than 60 per cent of the total working population here depends on agriculture equal to fisheries. Hence, the proposed research aims to study the contributions made by the MSME sector in Ramanathapuram district towards employment generation.

OBJECTIVES OF THE STUDY

To examine the growth and performance of MSMEs in India.

To analyses the leading industries in MSME sector.

To examine the employment generated through MSMEs in Ramanathapuram District.

To analyses the sector wise MSMEs in Ramanathapuram District.

METHODOLOGY OF THE STUDY

The present study is fully based on secondary data which has been collected from the various issues and annual reports on MSMEs and Handbook of Statistics on the Indian Economy

published by Reserve Bank of India, News Papers, Journals, Magazine and Books etc. The scope of this study is limited. The secondary data has been taken which is available on internet, annual reports and some online published conferences. The period of the study is 2007-08 to 2011-2012.

RESULTS AND DISCUSSIONS

TABLE NO .1 GROWTH OF WORKING ENTERPRISES AND EMPLOYMENT GENERATION IN MSMEs IN INDIA DURING 2007-08 TO 2011-12

YEAR	Working Enterprises (in lakh)	Growth Rate	Employment generation (in lakh)	Growth rate
2007-2008	377.37	-	842.23	-
2008-2009	393.70	4.22	881.14	4.65
2009-2010	410.82	4.35	922.19	4.63
2010-2011	428.77	4.37	965.69	4.72
2011-2012	447.73	4.42	1012.59	4.86

Sources: MSME's annual report 2012-2013

It is depicted from the Table No.1 that the growth of working enterprises and employment generation in MSMEs in India during the year of 2007-2008 to 2011- 2012. During the study period is fluctuating. The maximum number of units has been found during 2011 -2012 with 4.42 per cent and employment 4.86 per cent also have been found at maximum level. While the least number of units registered investment and employment has been recorded during 2007-2008. It thus reveals that there is consistency growth in working enterprises. The gradual growth in employment generation through MSME is decline in the year 2009-10.

TABLE NO. 2 GROWTH OF EMPLOYMENT GENERATION IN RAMANATHAPURAM DISTRICT

Year	Employment Generation	increase / decrease to previous year
2007-08	1079	-
2008-09	1545	43.18
2009-10	1061	-31.33
2010-11	1446	36.29
2011-12	2369	63.83

Sources: DIC, Ramanathapuram

It is known from the Table No.2 that the growth of employment generation through MSME's in Ramanathapuram District. From the above table the maximum employment generation has been recorded during 2011 –2012 with 2369 persons while the lowest of 1061 person has been recorded during the year of 2009-2010. During the study period is fluctuating. It thus reveals that there is no consistency growth with regards to employment during the study period.

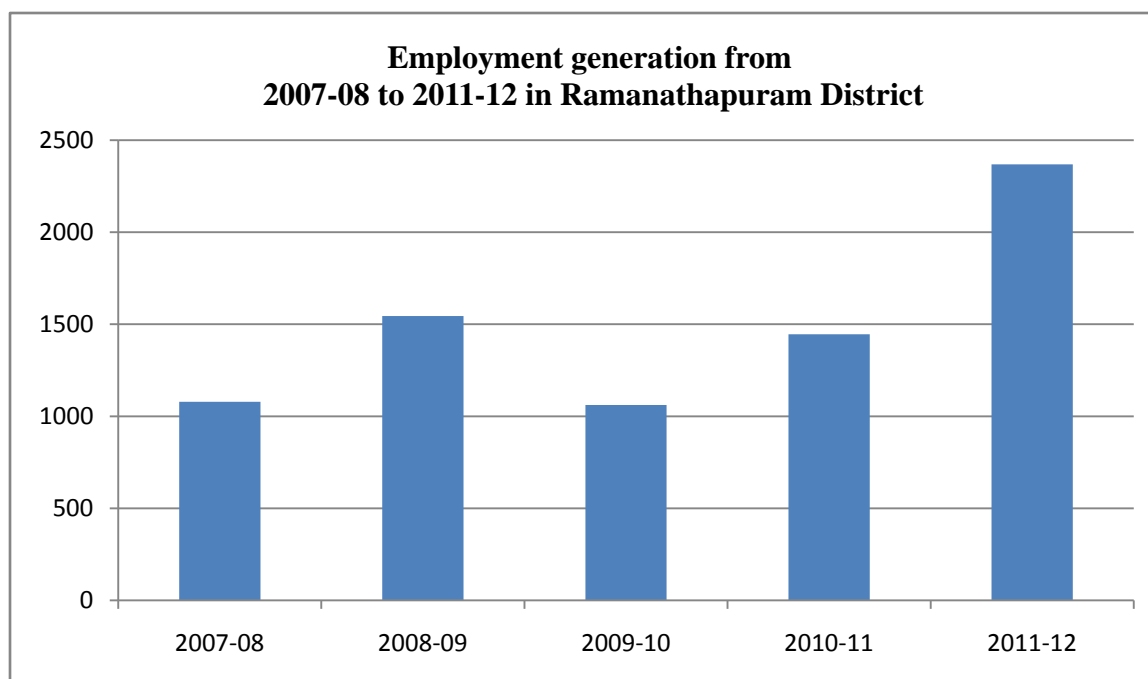
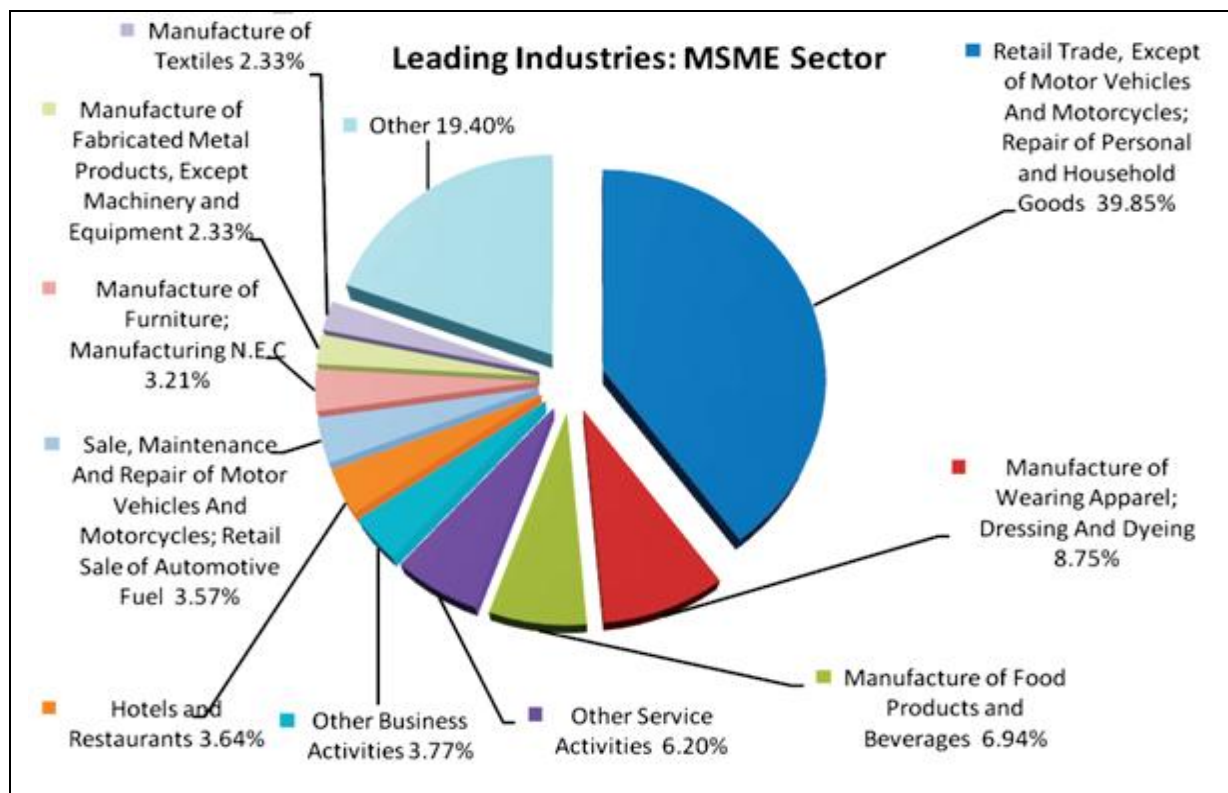


TABLE NO.3 SECTOR WISE CLASSIFICATION OF MSMES IN RAMANATHAPURAM DISTRICT

Sectors	2007-08	2008-09	2009-10	2010-11	2011-12
Agro-based	257	182	249	229	287
Forest-based	97	164	56	94	120
Chemical- based	17	19	18	17	20
Text-tile based	134	56	109	340	589
Electrical & electronic based	70	14	47	56	29
Engineering based	11	48	105	57	82
Service-based	112	72	61	61	127
miscellaneous	381	990	416	592	1115
Total	1079	1545	1061	1446	2369

Sources: DIC Ramanathapuram

Table No.3 expresses that sector wise classification of registered enterprises in Ramanathapuram District. During the study period registered enterprises has fluctuating growth. From the above table in the year 2009-10 (1061) has the least number of registered units and in the year 2011-2 (2369) secure the highest registered units. In this table electrical and electronics based industry has declined stage while compared with 2007-08 and 2011-12. Miscellaneous industries are highly increased while compared with 2007-08 and 2011-12.

Leading industries in MSME Sector:

Sources: MSME's annual report 2012-2013

From the chart it is clearly shows that retail trade industry occupies 39.85 per cent in overall industries in MSME and it is the highest one. Manufacture of textiles and manufacture of fabricate metal products has the least contribution in overall industries in MSME. Each textiles and fabricated metal products contributes equal level 2.33 per cent.

CONCLUSION

MSMEs, as a major contributor towards growth of domestic economy and employment generation, should also get adequate support for its growth and development in terms of policy framework, incentives and other relevant aids and supports. MSMEs play a significant role as the growth engines of the Indian Economy. In fact, they have been playing a critical role in the employment generation and economic development of the country. Their main objectives have been mass employment generation, low investment, Import substitution, export earnings, labor intensive mode of production, capacity to develop indigenous technology and high contribution to domestic production and economic development, employment generation.

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