

IMPACT OF SKILL AND ENTREPRENEURSHIP DEVELOPMENT INITIATIVES ON MSME SECTOR IN JHARKHAND

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Abstract: The processes of skill and entrepreneurship lead to increase in income, productivity and employability among the youths. First of all, it affects the individual capabilities and on the other hand the processes also affects the macroeconomic indicators of national economy as well as state economy. This is the main cause of the positive impact on the Indian economy and the state economy of the Jharkhand. Currently the MSME sector is contributing around 32% to country's GVA and 49.86% to total export. Government programmes have positively affected the economy of Jharkhand as total number of units, investment in MSMEs and employment are showing positive trends from 2007-08 to 2014-15.

Keywords: MSME, GVA, GDP

INTRODUCTION

Skill development is most urgent for under performing countries as upgrading skills among the working population can be a key channel for informal economy to improve their incomes and productivity and generate open opportunities to link with the formal economy. It is a vital component of building capacities and a strong support for strategies to enable the transition to formality within pro-poor growth frameworks.¹ Skill development is one of the important factors that influence the entrepreneurship development processes and both are essential for the development of micro and small enterprises in any economy. The process of is closely related to human resource development and provides strongest solutions towards achieving higher, stable and sustained development.

Skill development is also known as important instrument to increase the efficiency and productivity of labor.² Skill Development and Entrepreneurship are crucial for complete development of all three sectors of economy. Both of them are interconnected to each other and are significant factors to accelerate the economic development process along with providing solutions to all socioeconomic problems of the society. The Entrepreneurship and Skill development initiatives have played positive impact on the state economy of Jharkhand as the improvements are reported among the various sectors.³

Many studies and data show that a large number of educated youths are unemployed because of the proper skill and entrepreneurship training opportunities. According to the NPSDE (National Policy on Skill Development & Entrepreneurship) 2015, "Skill and Entrepreneurship development and promotion to training opportunities are essential to increase the wages, employment and complete development of the economy with sustainability. These opportunities will help to advance the employment opportunities and will also boost the employability level of the nation by filling the existing skill gaps.

METHOD

The study is based upon the analysis of secondary data collected from the various sources i.e., Economic Survey- Government of India, Jharkhand Economic Survey, Annual Reports published by the Ministry of Micro, Small, Enterprises Govt. of India and Press releases of the Press Information Bureau Government of India. To analyze the impact of government initiatives indicators such as contribution of MSME sector in GVA & GDP, Total Numbers of Units, contribution in exports, employment trends of MSMEs are used and have examined by the simple statistical methods such as percentage, average and graphical techniques.

OBJECTIVES OF THE STUDY

- To briefly highlight the major initiatives for Skill and Entrepreneurship Development in India and Jharkhand.
- To analyze the role of MSMEs in economic development at national level.
- To examine the impact of government initiatives for Skill and Entrepreneurship Development in Jharkhand.

MSME AND INDIAN ECONOMY

As per the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the MSME (Micro, Small and Medium Enterprises) are classified in two categories-⁴

- **Manufacturing Enterprises:** under this those enterprises are included that are engaged in the manufacturing or production of goods related to any industry itemized in the first schedule of Development and regulation Act- or engaging plant & machinery in the process of value addition to the final product. The classification is based on the total investment in Plant & Machinery.
- **Service Enterprises:** under this category those enterprises are included that are engaged in providing or rendering of services. Service Enterprises are defined in terms of investment in equipment. The limit for investment in plant and machinery/equipment for manufacturing and service enterprises are-

Box: 1 Definition of Micro, Small and Medium Enterprises

Manufacturing Enterprises	
Micro	Up to 25 Lakh Rupees.
Small	More than 25 lakh rupees but not exceeding 5 crore rupees.
Medium	More than 5 crore rupees but not exceeding 10 crores.
Service Sector Enterprises	
Micro	Up to 10 lakh rupees.
Small	More than 10 lakh rupees but not exceeding 2 crores.
Medium	More than 2 crore rupees but not exceeding 5 cores.

Source: Micro, Small & Medium Enterprises Development (MSMED) Act, 2006

The demographic scenario of India like- population living in rural areas, huge number of unskilled population and prevalence of youth population it is required by the government to target the MSME sector as it holds huge potential to absorb maximum number of labour available in the country. MSME sector is playing crucial role in developing the nation's manufacturing sector/service sector as vibrant contributor to India's economic growth. The sector is one of the major contributors in country's GVA and employment.

The portion of MSME Sector in the nation's GVA (Gross Value Added) is approximately 32% and is providing huge employment opportunities, especially in rural & backward areas at lower capital cost than large scale industries. As per the NSS (National Sample Survey) 73rd round survey 2015-16, there were 633.8 lakh unincorporated non-agriculture MSMEs in the country engaged in different economic activities with the employment of 11.10 crore workers.⁵ The is implementing Prime Minister's Employment Generation Programme (PMEGP), which is implemented by the Ministry of Micro, Small and Medium Enterprises (MSME), is playing crucial role in the generation of self-employment opportunities through the establishment of micro-enterprises in the non-farm sector. Under this programme the number of estimated persons that were employed in micro enterprises during the years FY 2014-15, 2015-16, 2016-17, 2017-18 are 3.58 lakhs, 3.23 lakhs, 4.08 lakhs and 3.87 lakhs respectively.

Table: 1 Contribution of MSME Sector in Indian Economy

Year	MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	Total GDP	Share of MSME in GDP (%)
2011-12	2583263	-	8106946	31.86	8736329	29.57
2012-13	2977623	15.27	9202692	32.36	9944013	29.94
2013-14	3343009	12.27	10363153	32.36	11233522	29.76
2014-15	3658196	9.43	11481794	31.86	12445128	29.39
2015-16	3936788	7.62	12458642	31.60	13682035	28.77

Source: Annual Report 2017-18, Ministry of MSME, Govt. of India

It is evident from the table: 1 that in terms of GDP the sector is contributing significantly with more than 29% in India's gross domestic product, on the other hand share of Micro, Small and Medium enterprises as percentage of gross value added (GVA) remain unchanged with an average of 32% from 2011-12 to 2015-16.

Table: 2 Contribution of MSME Sector in Total Export

Year	Share of MSME Sector in Total Export (%)
2013-14	42.42
2014-15	44.76
2015-16	49.86

Source: Govt. of India, PIB 1, Aug. 2016

GOVERNMENT INITIATIVES FOR SKILL AND ENTREPRENEURSHIP DEVELOPMENT

The government of India is committed towards the development of industrial sector and entrepreneurship development related activities since independence. The major initiatives that have directedly and indirectly affected the development of small enterprises throughout the nation are- Industrial Policy Resolution- 06 April 1948, Khadi and Village Industries Commission (KVIC)-1956, Industrial Policy Resolution- 30 April 1956, Industrial Policy Statement- 27 December 1977, Industrial Policy Statement- July 1980, Establishment of Small Industries Development Bank of India (SIDBI)- 2 April 1990, Statement of Industrial policy- 24 July 1991, New ministry creation for SSI sector (Ministry of Small Scale Industries & Agro and Rural Industries)- October 1999, Comprehensive Policy Package for the Small Scale and Tiny Sector- August 2000, MSME Development Act- 2006 and New Companies Act- 2013.

In 2014 after the change of UPA government the whole ecosystem for skill and entrepreneurship in India have readdressed with respect to global and national requirements. The major initiatives are - Creation of New Ministry – Ministry of Skill Development and Entrepreneurship (MSDE)- Nov. 2014, National Policy for Skill Development and Entrepreneurship- 2015, National Skill Development Mission- July 2015, Common Norms for Skill Development Scheme- July 2015, National Skill Qualification Framework (NSQF)- December 2013, Pradhan Mantri Kausal Viksah Yojana(PMKVY)- March 2016, Modification of The Apprenticeship Act- December 2014, UDAAN- December 2015, Standard Training Assessment and Reward(STAR)-July 2015, Skill Loan Scheme (PKRY)- July 2015, Nai Manzil- December 2015, Make in India September- 2014, Startup India- January 2016 and Micro Units Development Refinance Agency (MUDRA)- April 2015.

To promote the MSME sector government of Jharkhand has also introduced and implemented many policies/schemes/programmes i.e., Jharkhand Skill Development & Entrepreneurship Policy- 2015, Jharkhand Women Development Society (Support to Training and Employment Programme for Women (STEP) & Adolescent Girls Help Line-Cum- Counseling (Umang)), Stand Up India Loan Programme, Rural Self Employment Training Institute (RSETI), Jharkhand Textile, Apparel and Footwear Policy 2016, Industrial and Investment Promotion Policy 2016, Entrepreneurship Development Programme, Jharkhand Skill Development Mission Society (JSDMS), Saksham Jharkhand Kaushal Vikas Yojna and Identification and Ranking of Clusters under Shyama Prasad Mukherjee Mission (SPRM).

IMPACT OF GOVERNMENT INITIATIVES ON MSME SECTOR IN JHARKHAND

Under this section of the present study the impact of government initiatives on the development of Micro, Small and enterprises in the state of Jharkhand has been analyzed with the consideration of the Number of Units and their distribution among three categories, Investment in MSMEs, and Impact on Employment.

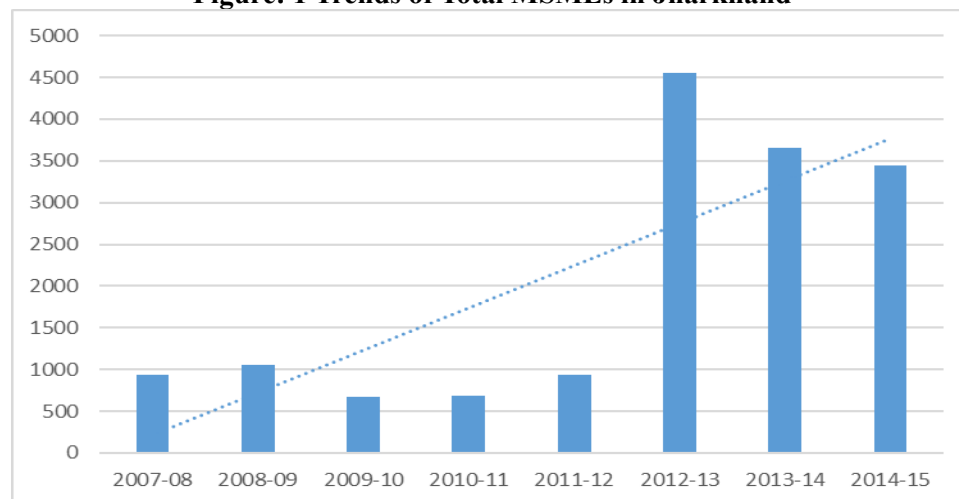
Impact on The Number of Units

The impact on the number of units can also be mentioned as the progress of MSMEs in Jharkhand. Establishment of new units indicates that the skill and entrepreneurship development are positively inspiring youth towards self employment. As the government programmes are promoting self -employment generation through Micro, Small and medium enterprises and are supporting to provide the entrepreneurship opportunities among youth especially belonging from the rural areas. The locally available resources and self -employment generation have developed sustainable rural livelihood opportunities in Jharkhand. The progress of the MSMEs is given in the following table: -

Table: 3 Trends of Established Units in Jharkhand

Year	Number of Units			Total
	Micro	Small	Medium	
2007-08	855	84	1	940
2008-09	947	76	1	1051
2009-10	611	56	2	669
2010-11	634	52	4	690
2011-12	889	48	2	939
2012-13	4432	120	2	4554
2013-14	3521	70	54	3654
2014-15	3379	69	2	3450
2015-16 (June 2015)	384	22	2	408

Source: Jharkhand Economic Survey 2017-18

Figure: 1 Trends of Total MSMEs in Jharkhand

Source: Jharkhand Economic Survey 2017-18

It is evident from the table: 2 and figure: 1 that there is positive impact of entrepreneurship development programmes in the state as there were only 940 MSMEs were registered in 2007-08 and it has increased to the level of 3450 units in 2014-15; during this period the maximum units are reported in 2012-13 with 4554 MSMEs. The upward trend is showing the positive impact of government initiatives towards the mobilization of youth for self employment generation.

Impact on Investment in MSMEs

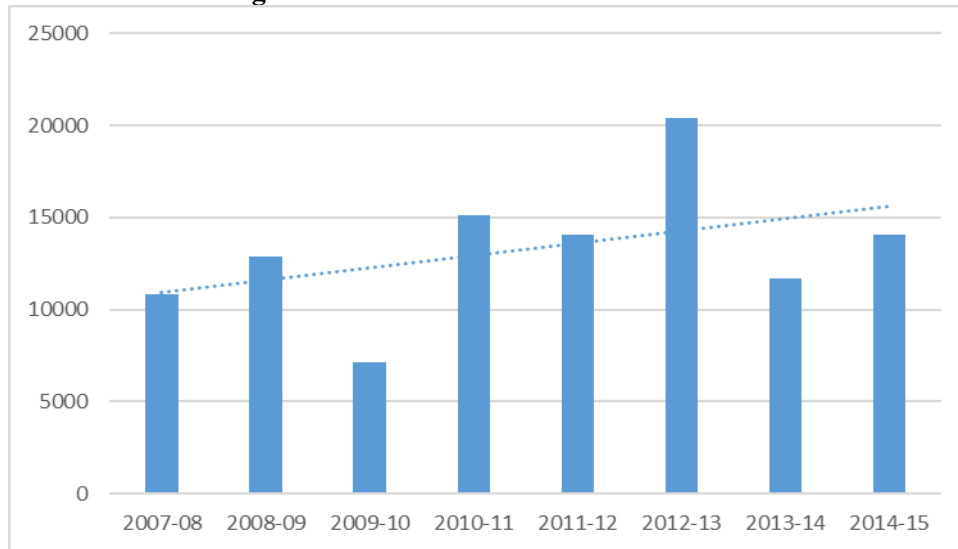
Another parameter that can be used in the impact analysis of government efforts for the development of small scale enterprises in Jharkhand by the central and state government is the increasing investment in the establishment of these units. It is clear from the table that the total investment was 10855.94 lakh in 2007-08 and has amplified to Rs. 14085.27 lakh in 2014-15.

Table: 4 Investment in MSMEs in Jharkhand

Year	Total Investment (in Lakh)
2007-08	10855.94
2008-09	12867.77
2009-10	7147.55
2010-11	15094.19
2011-12	14065.87
2012-13	20402.19
2013-14	11717.28
2014-15	14085.27

Source: Jharkhand Economic Survey 2017-18

Figure: 2 Trends of Investment in MSMEs



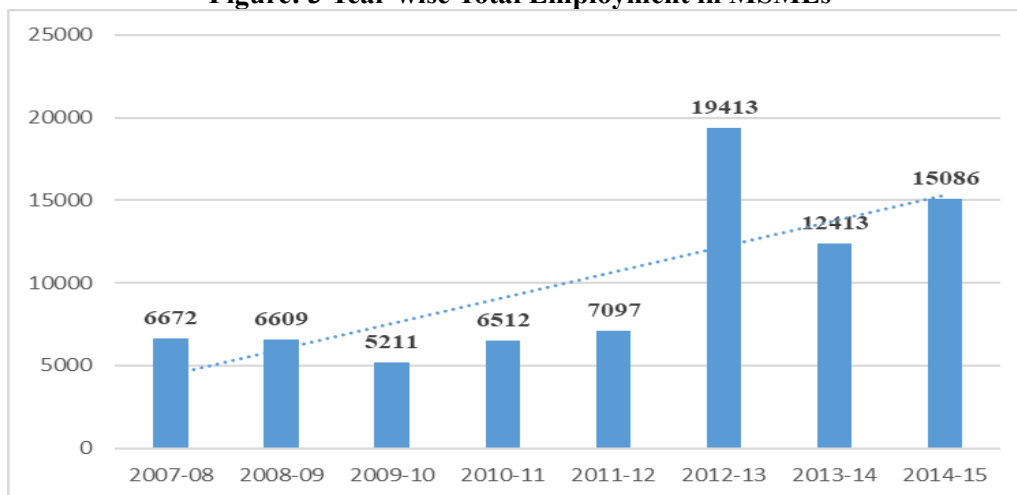
Source: Jharkhand Economic Survey 2017-18

Figure 2 reveals the trends of investment in MSMEs for 2007-08 to 2014-15 in the state of Jharkhand. As soon as the role and importance of sector is emphasized by the government the numbers and the investment in Micro, Small and Medium enterprises have also increased. The increasing trend line is showing positive impact of government efforts.

Impact of Government Initiative on Employment

The basic motive behind the promotion of the MSME sector by the government is to generate self employment by promoting entrepreneurs and employment generation at local level by the newly established units.

Figure: 3 Year-wise Total Employment in MSMEs



Source: Jharkhand Economic Survey 2017-18

Figure 3 highlights that the total 6672 persons were employed among the 940 units in Jharkhand; increasing number of units have also increased the employment opportunities in Jharkhand. Highest increase in employment is reported in FY 2012-13, when 19413 persons were employed in the state. The third selected indicator is also representing positive trends moving from 2007-08 to 2014-15.

CONCLUSION:

On the basis of the above study, it is clear that the government initiatives have positive impact on the economic development of the state; but as far as the contribution of MSME sector at national level is concerned the progress of the state is slow and needed more attention from the government. There is need of awareness among beneficiaries to get benefited from the government programmes, employment-based education should be promoted in Jharkhand and skill gaps, gender gaps and social category-wise gaps must be addressed by both the central and state governments.

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